

**CITY OF JACKSON, TENNESSEE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2014**

# CITY OF JACKSON, TENNESSEE

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## **INTRODUCTORY SECTION**



JERRY GIST  
MAYOR

ALAN L. LAFFOON  
CITY RECORDER

November 21, 2014

The Honorable Mayor, City Council and Citizens of Jackson:

The Financial Statements and Supplementary Information of the City of Jackson for the fiscal year ending June 30, 2014 are hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we whereby issue the financial statements and supplementary information of the City of Jackson.

Several years ago the Governmental Accounting Standards Board (GASB) established a new financial reporting model for state and local governments in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The requirements of GASB 34 represented a significant change in the financial reporting model previously used by the City. In addition to fund financial statements, the City is now required to report government-wide financial statements prepared using the accrual basis of accounting and the economic measurement focus for all funds. Other changes included the establishment of new fund types, the elimination of account groups, a focus on major funds in the basic financial statements, the reporting of infrastructure, the preparation of cash flow statements using the direct method and the inclusion of Management's Discussion and Analysis (MD&A). All relative aspects of GASB 34 have been implemented in the City's MD&A.

On June 20, 2011, GASB adopted Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions. The City and its auditors, ATA, implemented the subject Fund Balance Reporting on the FY 13 audit Balance Sheet Governmental Funds statements and it is thus reflected in the FY 14 audit also.

This continuing presentation provides users of the Financial Statements and Other Supplementary Information with additional information to assist in their review of financial position and results of operations. The objectives of the Statements were to enhance the understandability and usefulness of the general-purpose external financial reports of state and local government to the citizenry, legislative and oversight bodies, and investors and creditors. The City fully implemented the GASB 34 requirements in FY 2003 and the results were reflected in the subsequent FY 2003 Audit Report. During the FY 2004 review/update process on Infrastructure, additional data pertaining to the FY 2003 reported Infrastructure numbers was identified. The time frame required to complete the review was of a magnitude that resulted in City Management's decision not to report Infrastructure numbers on the FY 2004 Statement of





Net Assets. Any/all updates and/or corrections were reported in FY 2005 and in all subsequent years the Infrastructure numbers have been reported accordingly.

This report consists of management's representation concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Alexander Thompson Arnold PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jackson for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; in assessing the accounting principles used, and evaluating the overall financial statement presentation.

The independent auditor concludes, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Jackson's financial statement for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Jackson's MD&A can be found immediately following the report of the independent auditors.

#### Profile of the Government:

The City of Jackson is located in heart of western Tennessee, approximately 80 miles east of Memphis/Shelby County and approximately 120 miles west of Nashville/Davidson County. During the last several years, west Tennessee has been one of the growth areas within the state. Although growing less rapidly than the middle section of Tennessee, our more methodical growth has occurred at a rate that has allowed for development of infrastructure at an affordable pace.

The City of Jackson occupies a land area of 59 square miles and serves a population of 66,739. The City is empowered to levy a property tax on both real and personal properties located within





its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body. The City has undertaken the annexation of seventeen square miles and 6,635 new residents in the city limits since 1994. The City annexed 30 sub-areas of land (Northwest Annexation), encompassing 3,704 acres and adding 1,528 new residents in May 2011.

The City was established in 1822 and incorporated in 1845. The Charter of the City is a private act of the State Legislature, which established the governing body of the City as a nine member Council who serves four-year terms of office. Members are elected by district. The CEO of the City is the Mayor, who is elected by all the voters. The Mayor is the presiding officer at City Council meetings. The Mayor has no vote on Council issues, but has veto power, which can be overridden by a 2/3 vote of Council.

The Council is responsible, among other things, for passing ordinances, adopting the budget, ratifying committee and board appointments, and electing a Treasurer and Vice Mayor from the Council, and a City Recorder, from outside the Council. The Mayor is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety, highways and streets, recreation, library, public works, improvements, planning and zoning, and general administrative services. The City also provides garbage collection and disposal services through a business-type activity fund that has been included as an integral part of the City of Jackson's financial statements. Electric power, natural gas, and water and sewer operations are provided by the Jackson Energy Authority (JEA), which in 2001 was established by act of the TN legislature as an independent authority.

The annual budget serves as the foundation for the City of Jackson's financial planning and control. The budget preparation process begins in January when City departments begin preparation of their long-range capital improvement requests. During the subsequent months, the finance and accounting staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. By April, the Accounting Department compiles a draft capital plan, which is submitted to the Mayor for review, refinement, and approval.

During March, City departments begin assessing resource needs for the coming year relative to their operating budgets. Work sessions are held within departments and divisions, under the review of the heads of major departments. By April, the consolidated requests are submitted to the Accounting Department for consolidation and review. The product of that review is refined in meetings with the Mayor and the Finance staff. The Mayor presents a finished budget, adjusted for balance between expenditure and revenue projections and updated with current year results, to the Council in June.





Budget hearings are held to allow public comment. The hearings provide formal citizens' input to the City Council on decisions and issues related to the Budget. The hearings also provide the Council with access to those department heads directly involved in budget preparation. The Council, after review of all information and after making final adjustments or amendments, passes the budget by ordinance after two readings. The budget is then submitted to the State Comptroller for review.

Amendments may be made by resolution to the original appropriations ordinance at any time during a current fiscal year. Transfers between funds occur only as budgeted and approved by Council and are normally related to Debt Service, Capital, and Health & Sanitation. Increases in overall appropriations can be made only with Council approval.

Budget-to-actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted.

#### Factors Affecting Financial Condition:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jackson operates.

While the per capita income is less than some of the wealthier "bedroom communities" that surround the metropolitan cities Jackson serves as the cultural, economic, and entertainment hub of West Tennessee.

The City's population grew by almost 10% between 2000 and 2010 according to the U.S. Census reports.

While the recent slowdown in the national economy commencing in the fourth quarter of CY 2008 has affected Jackson's economy, the local economy remains relatively strong compared to other communities. Local Option Sales Tax collections in FY 14 were up .6% from FY 13, but were below FY 14 State collections. In fiscal year 2014, Jackson had a total assessed value of property of \$1.532 billion.

Jackson has a well-diversified manufacturing base, with over 8,000 manufacturing jobs. Not dependent on a single, large employer, the Top 10 Manufacturing Companies averaged 450 employees each. There are approximately 30 manufacturing locations in Jackson. Among Non-Manufacturing employers, West Tennessee Healthcare was the leader with over 4,300 jobs.

Jackson is the regional or corporate headquarters for Kellogg's Pringles division, Delta Faucet, Pinnacle Foods, Gerdau Ameristeel, and several other companies. In 2003, the Bodine division of Toyota Motor Company selected Jackson as the site for its newest engine plant and has





undertaken significant expansion in production equipment and volume. Although Maytag/Whirlpool did move its dishwasher operations from Jackson to Iowa, the subject 300K square foot facility was immediately occupied by Carlisle Tire & Wheel Company.

Jackson is the healthcare center for West Tennessee, boasting two major hospitals with a combined number of beds in excess of 750. The larger of the two issued \$85 million in new bonds for a major expansion which was completed in FY 09 and one large medical office building which was completed in FY 10. There are also 44 medical clinics, 19 retirement or nursing homes and more than 450 practicing physicians. West Tennessee Healthcare is currently in the process of constructing the Kirkland Cancer Center. The 84,000 square foot LIFT center which houses a full fitness facility, indoor climbing wall, full-size basketball court, two indoor pools and hot tub, spacious locker rooms, medical clinic, an indoor walking track, and a healthy café was opened in January, 2013.

The expansion of retail, manufacturing and healthcare delivery services have broadened the tax base of the city and made Jackson less dependent on property tax alone. Prior to the FY 2003-2004 fiscal year, the City of Jackson had provided continuing and expanded services for nineteen years without a rate increase in property tax. For FY 2004, the public exhibited the willingness to accept the increase in the property tax rate from \$1.98 to \$2.22. The six-year reappraisal process resulted in the 2005 Tax Rate being decreased to \$2.10 and subsequently reduced to \$1.9619 as a result of the 2013 reappraisal.

#### Major Initiatives for the Year:

Jackson Walk, a major downtown development including apartments, homes, retail, and the LIFT Wellness Center detailed above, opened in FY 13. Jackson Walk, excluding the LIFT Wellness Center constructed by West Tennessee Healthcare, is a major private investor backed downtown development projected to amount to \$20 million upon completion. The aim of this major project was to improve the image of downtown Jackson and enhance the tax revenues accordingly.

The thrust for current and future fiscal years continues to be the rebuilding of the downtown and East Jackson areas damaged in the tornadoes of May 4, 2003. The Urban Land Institute study will serve as a guide to the redevelopment of the storm-blighted areas. FY06 saw the completion of the West Tennessee Healthcare Sportsplex, a \$13.4 million seventeen-field baseball/softball complex for both traveling teams and local leagues. This facility is anticipated to bring in approximately \$8 million in tourism dollars annually after the initial start-up years. FY 14 team registrations totaled over 2,000 and included teams from fourteen surrounding states. The original \$9.2 million Debt Service was reduced to \$4.1 million after the first eight years of operation. The total turnstile attendance for the initial seven years of operation was approximately 1.2 million.



The City initiated a major Debt Service Refunding/Restructure in FY 09 totaling \$58 million, taking advantage of the low interest rates. This enabled the City to spread the current Debt Service payments at an equal amount over the next 15 years roughly equal to less than 20% of Property Tax collections. The City did guarantee a \$3 million HUD Section 108 loan in FY 11, to be repaid through CDBG funds. This loan is for District 1 & 2 projects managed by the Jackson CRA (Community Redevelopment Agency). Also, the City received a \$10 million 15-year loan in 2011 from the TMBF (Tennessee Municipal Bond Fund) for street resurfacing, police equipment, and a new fire station/equipment for the Northwest annexed area. We also received a \$15.3 million variable rate TMBF loan in 2013 of which the first draw down of \$7.7 million occurred in July 2013. Subsequent monthly interest rates have averaged less than 1%.

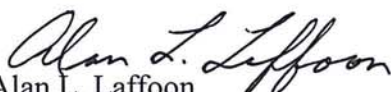
After a review of the FY 12 and FY 13 financial operating and debt service results, plus our current debt service structure, S&P has upgraded the City of Jackson from AA- to a AA Bond Rating.

Acknowledgements:

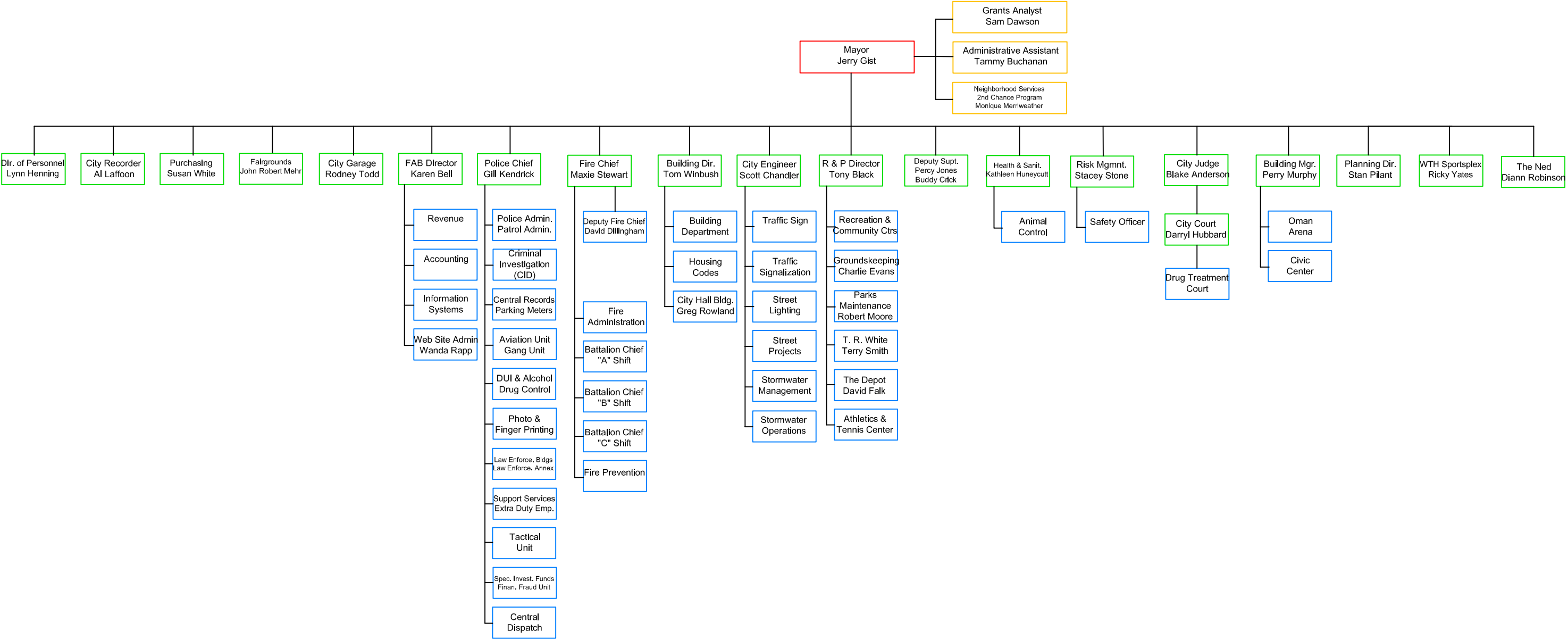
The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, and her staff for their preparation and thoroughness throughout the audit process.

Also, the City is indebted to the staff of Alexander Thompson Arnold PLLC, and specifically Matt Wood, for their valuable guidance and assistance. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standard of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,

  
Alan L. Laffoon  
City Recorder

CITY OF JACKSON - ORGANIZATIONAL STRUCTURE 2014





## **CITY OF JACKSON, TENNESSEE**

June 30, 2014

### **PRINCIPAL OFFICIALS**

Jerry Gist, Mayor  
Harvey Buchanan, Vice-Mayor/Council Member  
Randy Wallace, Treasurer/Council Member  
Charles Bray, Council Member  
Scott Conger, Council Member  
David Cisco, Council Member  
Ernest Brooks, II, Council Member  
Johnny Lee Dodd, Council Member  
Vicky Foote, Council Member  
Charles Rahm, Council Member  
Lewis Cobb, City Attorney  
Al Laffoon, City Recorder  
Karen Bell, Director of Finance, Audit, and Budgeting, CMFO  
Christopher Wiser, Police Chief  
Max Stewart, Fire Chief  
Lynn Henning, Director of Personnel

## **FINANCIAL SECTION**

**Members of:**

American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants



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## **Independent Auditor's Report**

Honorable Jerry Gist, Mayor  
Members of the Council  
City of Jackson, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson Transit Authority (JTA), which is both a major fund and 32 percent, 46 percent, and 51 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for JTA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant



accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, as of June 30, 2014, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and solid waste collection funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 19 and the schedule of funding progress – employee retirement system and the schedule of employer contributions on pages 72 to 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary and other information section, including the schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the historical and other miscellaneous information section – unaudited and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information section, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplementary and other information section, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The historical and other miscellaneous information section – unaudited and the introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 on our consideration of the City of Jackson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jackson's internal control over financial reporting and compliance.

*Alexander Thompson Arnold PLLC*

Jackson, Tennessee  
December 9, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jackson, Tennessee (the "City" or the "City of Jackson"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (pages 1-6) and the City's financial statements (beginning on page 23).

### FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$24.3 million. Approximately 78% of this total amount, \$18.9 million, is available for spending at the government's direction (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18.9 million, or 29.7% of total general fund expenditures. The General Fund reflected a \$2.9 million decrease at June 30, 2014 as the result of \$2.5 million Excess Expense over Revenue in the Public Safety Departments and \$.4 million in the Public Works Departments.
- The City of Jackson's total debt increased by \$6.2 million or 8.6% during the current fiscal year. The \$6.2 million increase is the net result of principal payments offset by a \$7.6 million draw on a \$15.3 million variable rate loan from TMBF. \$2.5 million in 12-Year Capital Outlay Notes to finance the Sportsplex, a 17-field baseball/softball complex, were reduced by \$.5 million in the seventh year after a double payment against the principal in the second year. However, an additional \$.5 million 8 -year Capital Outlay Note was secured for future years capital expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Jackson's finances, in a manner similar to a private-sector business.

There are two government-wide financial statements:

- **Statement of Net Position** - The statement of net position presents information on all of the City of Jackson's assets, liabilities, deferred inflows/outflows of resources, with the difference reported as net assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.
- **Statement of Activities** - The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus revenues and expenses are reported



in this statement for some items that will only result in cash flows in future fiscal years (for example, uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities.) The governmental activities of the City of Jackson include General Government, Public Safety, Public Works, Parks and Recreation, Public Buildings, H&S, and Capital. The business-type activities of the City of Jackson include Hwy 70 Landfill, Sportsplex, Jackson Transit Authority, and Community Development.

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities (known as component units). The Jackson Transit Authority, although legally separate, is important because the City is financially accountable for it. Issued separately, audited financial reports for the Jackson Transit Authority can be obtained from the Transit Authority, 38 Eutaw Street, Jackson, TN.

The Jackson Energy Authority is also presented in the report as a discretely presented component unit due to the fact that the City has guaranteed their Telecom Bond Issue.

**Fund Financial Statements.** The fund financial statements provide more detailed information about the most significant funds - not the City as a whole. Some funds are required by State or Federal law or by bond covenants. Other funds are established by the City Council to help it control and manage money for designated or restricted purposes, or to show that it is meeting legal responsibilities for how certain taxes, grants and other monies are used (such as grants received from the United States Department of Housing and Urban Development).

All of the funds of the City of Jackson can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

**Governmental Funds.** The City's basic services are included in Governmental Funds. The focus of these funds is on how cash and other financial assets that can readily be converted to cash when received are used, and what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not include the additional long-term focus of the Government-Wide Statements, we provide additional information after the Governmental Fund Statements that explain the differences between the long-term view and the short-term view.

The City maintains a General Fund, multiple Special Revenue Funds, a Debt Service Fund, and a Capital Projects Fund as Governmental Funds. Information is presented separately in the governmental statement for the General Fund, Solid Waste Fund, Debt Service Fund, and the Capital Projects Fund since all of these are considered major funds. Data for the other funds is combined into a single column.

The City of Jackson adopts a budget for all Governmental Funds. A budgetary comparison for the major Governmental Funds is found in the fund statements of this report. Budgetary comparisons are provided to demonstrate compliance with the budget.

The basic Governmental Fund financial statements can be found on pages 23-26 of this report.

**Proprietary Funds.** Services for which the City charges customers a fee are generally reported in Proprietary Funds. Proprietary Funds, like the Government-Wide Financial Statements, provide both long-term and short-term financial information. There are two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The City of Jackson maintains only Enterprise Funds.

Enterprise Funds are the same as business-type activities in the Government-Wide Financial Statements but provide more detail and additional information, such as cash flows. The Sportsplex, Jackson Transit Authority, and Community Development are considered major funds.

Internal Service Funds provide services for other City activities. The City of Jackson could choose to account for maintenance of City vehicles or self-financed health insurance through an internal Service Fund. Because services like these benefit predominantly governmental rather than business-type functions, the City has chosen to include those activities in the Governmental Funds.

The basic Proprietary Fund Financial Statements can be found on pages 27-31 of this report.

**Fiduciary Funds.** Fiduciary Funds provide information about the financial relationships where the City acts solely as a trustee or fiduciary for the benefit of others to whom the resources belong. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance City operations. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and changes in fiduciary net assets in the Fund Financial Statements.

The Fiduciary Fund Financial Statements can be found on pages 32-33 of this report.

**Note to the financial statements.** The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 46-71 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information about the City's progress in funding its obligation to provide pension benefits to its employees.

Required Supplementary Information can be found on pages 72-73 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

### **Net Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$90.2 million as of June 30, 2014.

An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include \$.7 million for mandatory State and Council restrictions.

In order to provide a complete picture of the net position of the City, information is provided separately, in the table below, for the net position of governmental and business-type activities.

**CITY OF JACKSON, TENNESSEE**  
**NET POSITION – PRIMARY GOVERNMENT**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 61,773	\$ 62,341	\$ 2,903	\$ 2,094	\$ 64,676	\$ 64,435
Capital assets	<u>128,191</u>	<u>124,070</u>	<u>13,771</u>	<u>14,966</u>	<u>141,962</u>	<u>139,036</u>
Total assets	<u>\$ 189,964</u>	<u>\$ 186,411</u>	<u>\$ 16,674</u>	<u>\$ 17,060</u>	<u>\$ 206,638</u>	<u>\$ 203,471</u>
Other liabilities	\$ 4,574	\$ 38,083	\$ 652	\$ 603	\$ 5,226	\$ 38,686
Long-term liabilities	<u>76,259</u>	<u>65,013</u>	<u>4,857</u>	<u>5,002</u>	<u>81,116</u>	<u>70,015</u>
Total liabilities	<u>80,833</u>	<u>103,096</u>	<u>5,509</u>	<u>5,605</u>	<u>86,342</u>	<u>108,701</u>
Deferred inflows of resources	<u>30,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,052</u>	<u>-</u>
Net assets:						
Invested in capital assets	57,923	57,186	9,175	10,258	67,098	67,444
Restricted	764	2,279	-	-	764	2,279
Unrestricted, reserved	-	-	-	-	-	-
Unrestricted	<u>20,392</u>	<u>23,850</u>	<u>1,990</u>	<u>1,197</u>	<u>22,382</u>	<u>25,047</u>
Total net assets	<u>79,079</u>	<u>83,315</u>	<u>11,165</u>	<u>11,455</u>	<u>90,244</u>	<u>94,770</u>
Total liabilities and net assets	<u>\$ 189,964</u>	<u>\$ 186,411</u>	<u>\$ 16,674</u>	<u>\$ 17,060</u>	<u>\$ 206,638</u>	<u>\$ 203,471</u>

**Changes in Net Position**

Net assets of the City's governmental activities decreased by \$4.2 million, or 5.1%. The subject decrease is primarily the result of \$3.4 million decrease in Unrestricted Assets due to a \$2.9 million excess of expenditures over revenues in the General Fund. This excess was primarily in the areas of Public Safety. Removal of the restriction classification on the miscellaneous net assets accounts for the balance.

During the same period, the net assets of the City's business-type activities decreased by \$.3 million, resulting from normal depreciation in Capital Assets partially offset by increased Unrestricted Assets.

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2014 AND 2013**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
<b>Revenues:</b>	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 18,143	\$ 18,758	\$ 3,385	\$ 3,027	\$ 21,528	\$ 21,785
Operating grants	6,326	4,743	2,505	2,394	8,831	7,137
Capital grants/contributions	2,846	995	229	-	3,075	995
General revenues:						
Property taxes	34,737	34,450	-	-	34,737	34,450
Sales taxes	16,666	16,452	-	-	16,666	16,452
Alcoholic beverage taxes	2,934	3,149				
Business taxes and licenses	1,700	1,973				
Other taxes	1,877	1,827	-	-	1,877	1,827
Other sources	598	1,019	-	(9)	598	1,010
Grants, unrestricted	131	6	-	-	131	6
Investment earnings	98	125	1	75	99	200
Transfers	(1,024)	(1,086)	891	933	(133)	(153)
Total revenues	<u>85,032</u>	<u>82,411</u>	<u>7,011</u>	<u>6,420</u>	<u>87,409</u>	<u>83,709</u>
<b>Expenditures:</b>						
<b>Governmental activities:</b>						
General government	25,045	22,684	-	-	25,045	22,684
Public safety	38,401	35,652	-	-	38,401	35,652
Public works	10,984	10,159	-	-	10,984	10,159
Recreation and parks	9,273	9,652	-	-	9,273	9,652
Interest on long-term debt	2,565	2,646	-	-	2,565	2,646
Other	226	182	-	-	226	182
<b>Business-type activities:</b>						
Community development	-	-	-	57	-	57
Solid waste	-	-	23	20	23	20
Jackson Transit Authority	-	-	4,788	4,491	4,788	4,491
Sportsplex	-	-	2,490	2,276	2,490	2,276
Total expenditures	<u>86,494</u>	<u>80,975</u>	<u>7,301</u>	<u>6,844</u>	<u>93,795</u>	<u>87,819</u>
Change in net position	(1,462)	1,436	(290)	(424)	(1,752)	1,012
Net assets - beginning	83,315	81,850	11,455	11,879	94,770	93,729
Prior period adjustment	(2,774)	29	-	-	(2,774)	29
Net assets - ending	<u>\$ 79,079</u>	<u>\$ 83,315</u>	<u>\$ 11,165</u>	<u>\$ 11,455</u>	<u>\$ 90,244</u>	<u>\$ 94,770</u>

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the City of Jackson's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$24.3 million, a decrease of \$2.2 million in comparison with the prior year. The \$2.2 million net decrease is basically due to a \$2.9 million decrease in the General Fund partially offset by the \$.7 million increase in Debt Service Fund. Approximately 79.2% or \$18.9 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending, as it has already been committed for debt service, capital projects, public works, or other purposes.

Information about selected major Governmental Funds is presented below.

**General Fund.** This fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18.9 million. A measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unreserved fund balance represents 29.7% of total general fund expenditures of \$64.3 million.

**Capital Projects Fund.** This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the Capital Projects Fund had a positive fund balance of \$.7 million which consists of unspent funds from the \$7.7 million TMBF loan draw in July 2013, against the total \$15.3 million TMBF variable rate loan.

- The City spent \$8.6 million on capital expenditures, primarily from proceeds of the \$7.7 million draw against the total \$15.3 million TMBF variable rate loan.
- Current year expenditures included \$5.3 million for Public Works projects, \$322 thousand for General Government, \$2.1 million for Public Safety, and \$822 thousand for Public Welfare and Community Services.

### **Proprietary Funds**

The City of Jackson's Proprietary Funds provide the same type of information found in the Government-Wide Financial statements, but in more detail.

As the City completed the fiscal year, its proprietary funds had combined Net Assets of \$11.1 million. Of this amount, \$1.9 million was available to meet on-going obligations with the remainder invested in capital assets. Key factors within the major enterprise funds are presented below:

- Net Assets of the Solid Waste Disposal Fund were zero at FY 07 year-end, as a result of the \$11.5 million transfer to the General Fund. This fund remains open only to cover the post-closure expense of the "Old Highway 70 Landfill".
- The other major factor in the Proprietary Funds category was the introduction of the Sportsplex Fund, an Enterprise Fund for the City's (17) field baseball/softball complex for "Travel Ball". Subject complex was under construction at the end of FY06 and opening tournaments started in August of FY07. The total capital cost of the subject complex came in under the \$14.0 million budget at \$13.4 million.



## **General Fund & Debt Service Fund Budgetary Highlights**

### **Revenues**

- Property Taxes were \$862 thousand under budget at \$29,636,236, primarily due to appeals and bankruptcies/foreclosures.
- Licenses and Permits were \$151 thousand under budget at \$4.4 million.
- Tax equivalents were \$322 thousand over budget at \$5 million due to increased electric department revenue from JEA.
- Fines, Interest & Penalties were \$110 thousand under budget at \$1.2 million, primarily as a result of Police and City Court revenue shortfalls.
- Local Option Sales Tax collections were \$11.9 million, which is \$636 thousand or 5.3% under budget.
- State-Shared Sales Tax to the City was \$4.7 million, which is \$206 thousand or 4.8% over budget.
- Total State-Shared Revenues were \$8.3 million, which is \$45 thousand over budget.

### **Expenditures**

- Health insurance claims came in at \$6.9 million versus a \$6.7 million budget. As a result of the overall General Fund performance, we transferred \$220 thousand out of our Health Insurance Reserve.
- Total General Government expenditures of \$13.8 million were \$2.1 million under budget.
- Public Safety expenditures of \$36.2 million were \$2.5 million or 6.9% over budget, primarily due to Police and Fire Department overtime.
- Public Works expenditures of \$7 million were \$.5 million or 7.1% over budget, primarily due to State Street Aid departments.
- Debt Service expenditures of \$6.6 million were \$.7 million under budget, primarily due to extremely low variable rate interest percentages on the \$7.6 million draw against the \$15.3 million TMBF variable rate loan.

### **Debt**

At the end of the current fiscal year, the City of Jackson had total long-term general obligation debt outstanding of \$72.3 million, excluding the \$2.9 million HUD Loan paid by CDBG, but guaranteed by the City and a \$.5 million Note payable by the CRA and \$2 million Sportsplex Capital Outlay Notes. This entire amount is backed by the full faith and credit of the City. There are no bonds secured solely by specified revenue sources (revenue bonds).

**CITY OF JACKSON, TENNESSEE**  
**OUTSTANDING DEBT - GENERAL OBLIGATION AND REVENUE BONDS**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$ 69,606	\$ 63,235	\$ 2,724	\$ 2,819	\$ 72,330	\$ 66,054
Section 108 HUD Loan	2,938	3,054	-	-	2,938	3,054
Capital Outlay Notes	-	-	1,983	1,982	1,983	1,982
JMCGH Note	<u>500</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
 Total Outstanding Debt	 <u>\$ 73,044</u>	 <u>\$ 66,789</u>	 <u>\$ 4,707</u>	 <u>\$ 4,801</u>	 <u>\$ 77,751</u>	 <u>\$ 71,590</u>

The City of Jackson's **total** long-term debt increased by \$6.2 million or 8.6%, during the current fiscal year. General Government debt was increased by \$6.3 million or 9.4%, while Business-Type debt (i.e.: Sportsplex) was reduced by \$.1 million. The \$72.3 million in General Obligation Bonds are at an average rate of 3.56% and another \$7.6 million is variable rate currently at less than 1%. The Capital Outlay Notes are at 62.5% of Prime with a cap of 5.3% and a floor of 2.7%.

The City of Jackson was upgraded to an AA rating from Standard & Poor's Investors Service for its general obligation debt.

State statutes allow cities to establish limits to the amount of general obligation debt they may issue against the assessed value within their corporate limits. The City of Jackson has adopted a Debt Management Policy which limits the annual Debt Service payments to 23% of the annual Property Tax Budgeted Revenues.

**Contacting the City's Financial Management**

Office of the City Recorder  
101 East Main Street, Suite 203  
Jackson, TN 38301  
731-425-8248

## **BASIC FINANCIAL STATEMENTS**

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
<b>Assets</b>					
Cash and cash equivalents	\$ 13,907,609	\$ 1,191,724	\$ 15,099,333	\$ 64,177,333	\$ 2,017,714
Investments	6,412,866	370,173	6,783,039	31,511,919	-
Receivables:					
Interest	16,748	-	16,748	93,774	-
Taxes (net of allowance for uncollectible accounts)	32,386,378	-	32,386,378	-	-
Accounts (net of allowance for uncollectible accounts)	2,006,649	101,786	2,108,435	21,634,709	49,298
Grants	1,362,039	462,174	1,824,213	906,433	-
Intergovernmental	4,651,213	-	4,651,213	-	-
Court fines (net of allowance for uncollectible accounts)	204,215	-	204,215	-	-
Current maturities of long-term notes receivable	-	100,000	100,000	-	-
Internal balances	(82,514)	82,514	-	-	-
Inventories:					
Parts and supplies	280,380	191,448	471,828	4,621,596	-
Gasoline and diesel	50,223	-	50,223	-	-
For resale	2,008	-	2,008	-	-
Prepaid expenses	4,185	-	4,185	1,222,401	-
Other assets	-	9,118	9,118	2,046,742	-
Unamortized bond issue cost	-	-	-	1,025,689	-
Unrecovered purchased gas cost	-	-	-	2,257,308	-
Reimbursable costs	-	-	-	537	-
Long-term notes receivable	338,300	394,978	733,278	129,675	-
Advance to Sportsplex	231,211	-	231,211	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	9,830,165	-
Investments	-	-	-	36,126,221	-
Capital assets not being depreciated:					
Land	20,418,107	2,735,465	23,153,572	-	2,818,200
Construction in progress	862,494	-	862,494	48,442,656	-
Capital assets (net of accumulated depreciation):					
Buildings	30,691,683	6,642,988	37,334,671	-	709,445
Improvements other than buildings	67,923,458	2,509,057	70,432,515	-	-
Machinery and equipment	3,748,651	1,640,725	5,389,376	-	-
Furniture and fixtures	4,547,701	241,795	4,789,496	-	-
Plant in service	-	-	-	406,924,613	-
<b>Total assets</b>	<b>\$ 189,963,604</b>	<b>\$ 16,673,945</b>	<b>\$ 206,637,549</b>	<b>\$ 630,951,771</b>	<b>\$ 5,594,657</b>
Deferred outflows from interest rate swaps	-	-	-	12,632,006	-
<b>Total deferred outflows of resources</b>	<b>\$ 189,963,604</b>	<b>\$ 16,673,945</b>	<b>\$ 206,637,549</b>	<b>\$ 643,583,777</b>	<b>\$ 5,594,657</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
<b>Liabilities</b>					
Accounts payable	\$ 2,423,938	\$ 150,837	\$ 2,574,775	\$ 29,347,071	\$ 1,741
Accrued expenses	1,175,821	149,088	1,324,909	3,077,209	-
Customer deposits	182,853	-	182,853	5,539,440	-
Accrued interest payable	789,995	4,227	794,222	-	-
Unearned revenue - grants	-	-	-	-	1,575,304
Gas supply imbalances	-	-	-	(21,601)	-
Accrued landfill closure/postclosure costs	-	347,040	347,040	-	-
Current portion of long-term notes payable	-	-	-	396,161	-
Current portion of bonds payable	-	-	-	9,593	-
Current liabilities payable from restricted assets:					
Accrued revenue bond interest	-	-	-	837,358	-
Current portion - revenue bonds payable (net of discount)	-	-	-	6,695,764	-
Noncurrent liabilities:					
Due within one year	6,001,340	811,929	6,813,269	-	-
Due in more than one year	69,908,852	3,814,298	73,723,150	198,191,492	-
Advance	-	231,211	231,211	-	-
OPEB liability	349,229	-	349,229	7,657,420	-
<b>Total liabilities</b>	<b>80,832,028</b>	<b>5,508,630</b>	<b>86,340,658</b>	<b>251,729,907</b>	<b>1,577,045</b>
<b>Deferred inflows</b>					
Unavailable property taxes	30,052,169	-	30,052,169	-	-
Deferred inflows from interest rate swaps	-	-	-	12,632,006	-
<b>Total deferred inflows</b>	<b>30,052,169</b>	<b>-</b>	<b>30,052,169</b>	<b>12,632,006</b>	<b>-</b>
<b>Total liabilities and deferred inflows</b>	<b>110,884,197</b>	<b>5,508,630</b>	<b>116,392,827</b>	<b>264,361,913</b>	<b>1,577,045</b>
<b>Net position</b>					
Net investment in capital assets	57,923,130	9,175,382	67,098,512	253,579,229	3,527,645
Restricted for:					
State street aid	-	-	-	-	-
Drug litigation tax	1,384	-	1,384	-	-
Sex offender	28,708	-	28,708	-	-
Police drug	285,188	-	285,188	-	-
Metro drug	211,969	-	211,969	-	-
Grant funds	237,513	-	237,513	-	-
Solid waste collection	-	-	-	-	-
Capital projects	-	-	-	917,766	-
Debt service	-	-	-	45,096,108	-
Other	-	-	-	1,865,147	78,320
Unrestricted	20,391,515	1,989,933	22,381,448	77,763,614	411,647
<b>Total net position</b>	<b>\$ 79,079,407</b>	<b>\$ 11,165,315</b>	<b>\$ 90,244,722</b>	<b>\$ 379,221,864</b>	<b>\$ 4,017,612</b>

The accompanying notes are an integral part of these financial statements.



**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Charges for Services	Operating	Capital	Primary Government			Jackson Energy Authority	Jackson Community Redevelopment Agency
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total		
<b>Primary government</b>									
Governmental activities:									
General government	\$ 25,045,466	\$ 1,798,788	\$ 1,351,083	\$ -	\$ (21,895,595)	\$ -	\$ (21,895,595)	\$ -	\$ -
Public safety	38,401,202	2,589,729	2,544,454	8,575	(33,258,444)	-	(33,258,444)	-	-
Public works	10,984,081	12,770,819	2,379,320	2,837,892	7,003,950	-	7,003,950	-	-
Public welfare and community service	9,272,810	983,449	50,810	-	(8,238,551)	-	(8,238,551)	-	-
Other	226,084	-	-	-	(226,084)	-	(226,084)	-	-
Interest on debt	2,564,607	-	-	-	(2,564,607)	-	(2,564,607)	-	-
Total governmental activities	86,494,250	18,142,785	6,325,667	2,846,467	(59,179,331)	-	(59,179,331)	-	-
Business-type activities:									
Solid waste	22,415	-	-	-	-	(22,415)	(22,415)	-	-
Jackson Transit Authority	4,549,674	671,494	2,066,620	228,478	-	(1,583,082)	(1,583,082)	-	-
Sportsplex	2,489,878	2,650,625	200,000	-	-	360,747	360,747	-	-
Community development	-	63,003	-	-	-	63,003	63,003	-	-
Total business-type activities	7,061,967	3,385,122	2,266,620	228,478	-	(1,181,747)	(1,181,747)	-	-
Total primary government	\$ 93,556,217	\$ 21,527,907	\$ 8,592,287	\$ 3,074,945	(59,179,331)	(1,181,747)	(60,361,078)	-	-
<b>Component unit</b>									
Jackson Energy Authority	\$ 233,505,176	\$ 250,335,754	\$ -	\$ 5,335,442	-	-	-	22,166,020	-
Jackson Community Redevelopment Agency	\$ 138,562	\$ 93,027	\$ -	\$ 5,204	-	-	-	-	(40,331)
General revenues:									
Property taxes - levied for general government					29,764,448	-	29,764,448	-	-
In lieu of property taxes					4,972,381	-	4,972,381	-	-
Sales taxes					16,666,185	-	16,666,185	-	-
Franchise and excise taxes					101,186	-	101,186	-	-
Alcoholic beverage taxes					2,933,526	-	2,933,526	-	-
Business taxes					1,700,285	-	1,700,285	-	-
Income taxes					665,961	-	665,961	-	-
TVA taxes					723,030	-	723,030	-	-
Hotel-motel taxes					387,040	-	387,040	-	-
Rental and reimbursements					520,011	-	520,011	-	-
Other sources					78,709	-	78,709	-	25,014
Unrestricted grants and contributions					130,600	-	130,600	-	-
Unrestricted interest income					98,535	1,497	100,032	2,415,204	-
Transfers					(1,023,781)	890,704	(133,077)	-	133,077
Total general revenues and transfers					57,718,116	892,201	58,610,317	2,415,204	158,091
Changes in net position					(1,461,215)	(289,546)	(1,750,761)	24,581,224	117,760
Net position - beginning					83,314,659	11,454,861	94,769,520	354,640,640	3,899,852
Prior period adjustment					(2,774,037)	-	(2,774,037)	-	-
Net position - beginning - restated					80,540,622	11,454,861	91,995,483	354,640,640	3,899,852
Net position - ending					\$ 79,079,407	\$ 11,165,315	\$ 90,244,722	\$ 379,221,864	\$ 4,017,612

The accompanying notes are an integral part of these financial statements.

**CITY OF JACKSON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2014

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 10,391,315	\$ 2,098,050	\$ 813,381	\$ -	\$ 604,863	\$ 13,907,609
Investments	6,412,866	-	-	-	-	6,412,866
Receivables:						
Interest	16,748	-	-	-	-	16,748
Taxes (net of allowance for uncollectible accounts)	25,768,079	6,618,299	-	-	-	32,386,378
Accounts (net of allowance for uncollectible accounts)	123,329	42,334	391,142	1,434,725	15,119	2,006,649
Grants	1,254,902	-	48,849	-	58,288	1,362,039
Intergovernmental	4,651,213	-	-	-	-	4,651,213
Court fines (net of allowance for uncollectible accounts)	171,594	-	-	-	32,621	204,215
Note	338,300	-	-	-	-	338,300
Advance to Sportsplex	231,211	-	-	-	-	231,211
Due from other funds	658,999	-	-	-	24,535	683,534
Inventories:						
Parts and supplies	280,380	-	-	-	-	280,380
Gasoline and diesel	50,223	-	-	-	-	50,223
For resale	2,008	-	-	-	-	2,008
Prepaid expenses	4,185	-	-	-	-	4,185
<b>Total assets</b>	<b>\$ 50,355,352</b>	<b>\$ 8,758,683</b>	<b>\$ 1,253,372</b>	<b>\$ 1,434,725</b>	<b>\$ 735,426</b>	<b>\$ 62,537,558</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,320,982	\$ 3,347	\$ 523,656	\$ 489,738	\$ 86,215	\$ 2,423,938
Accrued expenses	1,136,724	-	-	39,097	-	1,175,821
Due to other funds	17,514	-	-	723,037	25,497	766,048
Customer deposits	-	-	-	182,853	-	182,853
<b>Total liabilities</b>	<b>2,475,220</b>	<b>3,347</b>	<b>523,656</b>	<b>1,434,725</b>	<b>111,712</b>	<b>4,548,660</b>
<b>Deferred inflows of resources</b>						
Unavailable property taxes	25,569,131	6,636,572	-	-	-	32,205,703
Unavailable public safety revenue	234,413	-	-	-	-	234,413
Unavailable intergovernmental revenue	1,112,115	-	65,247	-	31,831	1,209,193
<b>Total deferred inflows of resources</b>	<b>26,915,659</b>	<b>6,636,572</b>	<b>65,247</b>	<b>-</b>	<b>31,831</b>	<b>33,649,309</b>
<b>Fund balances</b>						
Nonspendable:						
Inventory	332,611	-	-	-	-	332,611
Prepays	4,185	-	-	-	-	4,185
Restricted:						
Drug litigation tax	1,384	-	-	-	-	1,384
Sex offender	28,708	-	-	-	-	28,708
Property fund reserve	41,510	-	-	-	-	41,510
Police drug	-	-	-	-	285,188	285,188
Metro drug	-	-	-	-	211,969	211,969
Grant funds	142,787	-	-	-	94,726	237,513
Committed:						
Debt service	-	2,118,764	-	-	-	2,118,764
Assigned:						
Capital outlay	-	-	664,469	-	-	664,469
Self insurance	1,299,546	-	-	-	-	1,299,546
Midnight Basketball	5,775	-	-	-	-	5,775
Traffic safety	20,179	-	-	-	-	20,179
Drug court	17,004	-	-	-	-	17,004
Cypress grove	70,250	-	-	-	-	70,250
Keep Jackson Beautiful	3,420	-	-	-	-	3,420
Liberty Gardens	71,069	-	-	-	-	71,069
Jackson Idol	3,133	-	-	-	-	3,133
Unassigned	18,922,912	-	-	-	-	18,922,912
<b>Total fund balances</b>	<b>20,964,473</b>	<b>2,118,764</b>	<b>664,469</b>	<b>-</b>	<b>591,883</b>	<b>24,339,589</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 50,355,352</b>	<b>\$ 8,758,683</b>	<b>\$ 1,253,372</b>	<b>\$ 1,434,725</b>	<b>\$ 735,426</b>	<b>\$ 62,537,558</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2014

**Amounts reported for the governmental activities in the statement of net position  
(pages 20 - 21) are different because:**

<b>Fund balance - total governmental funds (Page 23)</b>	<b>\$24,339,589</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	128,192,094
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds	3,597,140
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds	(789,995)
Long-term liabilities, including notes and bonds payable, are not due in the current period and, therefore, are not reported in the funds	<u>(76,259,421)</u>
<b>Net position - governmental activities (Page 21)</b>	<b><u>\$ 79,079,407</u></b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 29,500,158	\$ 7,150,886	\$ -	\$ -	\$ -	\$ 36,651,044
Licenses and permits	4,421,460	-	-	-	-	4,421,460
Fines, interest and penalties	1,213,382	-	-	-	94,138	1,307,520
Use of money and property	1,103,911	5,341	1,370	436	478	1,111,536
Intergovernmental	22,805,090	103,301	539,042	-	1,168,360	24,615,793
Sales and service charges	694,098	-	-	12,355,393	195,465	13,244,956
Other	1,702,040	-	-	92,827	30,225	1,825,092
Total revenues	<u>61,440,139</u>	<u>7,259,528</u>	<u>540,412</u>	<u>12,448,656</u>	<u>1,488,666</u>	<u>83,177,401</u>
<b>Expenditures</b>						
Current						
General government	13,833,810	-	321,263	-	-	14,155,073
Public safety	36,183,118	-	2,107,005	-	169,961	38,460,084
Public works	7,010,521	-	5,270,559	-	-	12,281,080
Solid waste collection	-	-	-	10,820,346	-	10,820,346
Public welfare and community services	7,281,795	-	821,571	-	1,021,491	9,124,857
Other	-	-	110,860	-	-	110,860
Capital Outlay						
Public safety	-	-	-	-	102,230	102,230
Solid waste collection	-	-	-	102,171	-	102,171
Debt Service						
Principal	-	4,071,777	-	-	116,000	4,187,777
Interest	-	2,513,135	-	-	110,226	2,623,361
Other	-	4,616	-	-	-	4,616
Total expenditures	<u>64,309,244</u>	<u>6,589,528</u>	<u>8,631,258</u>	<u>10,922,517</u>	<u>1,519,908</u>	<u>91,972,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,869,105)</u>	<u>670,000</u>	<u>(8,090,846)</u>	<u>1,526,139</u>	<u>(31,242)</u>	<u>(8,795,054)</u>
<b>Other financing sources (uses)</b>						
Sale of notes	-	7,594,000	-	-	-	7,594,000
Transfers in	2,118,655	-	8,913,147	-	276,746	11,308,548
Transfers out	<u>(2,168,667)</u>	<u>(7,594,000)</u>	<u>(159,781)</u>	<u>(2,183,655)</u>	<u>(226,226)</u>	<u>(12,332,329)</u>
Total other financing sources (uses)	<u>(50,012)</u>	<u>-</u>	<u>8,753,366</u>	<u>(2,183,655)</u>	<u>50,520</u>	<u>6,570,219</u>
<b>Net changes in fund balances</b>	<u>(2,919,117)</u>	<u>670,000</u>	<u>662,520</u>	<u>(657,516)</u>	<u>19,278</u>	<u>(2,224,835)</u>
Fund balances - beginning	<u>23,883,590</u>	<u>1,448,764</u>	<u>1,949</u>	<u>657,516</u>	<u>572,605</u>	<u>26,564,424</u>
Fund balances - ending	<u>\$ 20,964,473</u>	<u>\$ 2,118,764</u>	<u>\$ 664,469</u>	<u>\$ -</u>	<u>\$ 591,883</u>	<u>\$ 24,339,589</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2014

**Amounts reported for the governmental activities in the statement of activities (Page 22) are different because:**

<b>Net change in fund balances - total governmental funds (Page 25)</b>	<b>\$ (2,224,835)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation in the current period	4,121,831
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	41,526
Some expenses reported in the statement of activities, such as accrued leave, interest payable and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	72,872
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net assets	(7,594,000)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position	<u>4,121,391</u>
<b>Change in net position of governmental activities (Page 22)</b>	<b><u>\$ (1,461,215)</u></b>

*The accompanying notes are an integral part of these financial statements.*



**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2014

<b>Assets</b>	<b>Solid Waste</b>	<b>Jackson Transit Authority</b>	<b>Sportsplex</b>	<b>Community Development</b>	<b>Totals</b>
<b>Current assets</b>					
Cash and cash equivalents	\$ -	\$ 425,666	\$ 510,000	\$ 256,058	\$ 1,191,724
Investments	370,131	-	-	42	370,173
Accounts receivable (net of allowance for uncollectible accounts)	-	25,062	76,724	-	101,786
Grants receivable	-	462,174	-	-	462,174
Due from other funds	65,000	-	-	17,514	82,514
Current maturities of long-term notes receivable	-	-	-	100,000	100,000
Inventory	-	111,900	79,548	-	191,448
Total current assets	<u>435,131</u>	<u>1,024,802</u>	<u>666,272</u>	<u>373,614</u>	<u>2,499,819</u>
<b>Noncurrent assets</b>					
Other assets					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	-	394,978	394,978
Total other assets	-	-	-	404,096	404,096
Capital assets (net of accumulated depreciation):					
Land	-	352,173	2,383,292	-	2,735,465
Buildings	-	2,270,887	4,372,101	-	6,642,988
Improvements other than buildings	-	-	2,509,057	-	2,509,057
Machinery and equipment	-	1,640,725	-	-	1,640,725
Furniture and fixtures	-	77,090	164,705	-	241,795
Net capital assets	-	4,340,875	9,429,155	-	13,770,030
<b>Total assets</b>	<b>\$ 435,131</b>	<b>\$ 5,365,677</b>	<b>\$ 10,095,427</b>	<b>\$ 777,710</b>	<b>\$ 16,673,945</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2014

	<u>Solid Waste</u>	<u>Jackson Transit Authority</u>	<u>Sportsplex</u>	<u>Community Development</u>	<u>Totals</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 274	\$ 116,316	\$ 34,247	\$ -	\$ 150,837
Current maturities of long-term notes payable	-	-	766,810	-	766,810
Accrued expenses	-	125,780	23,308	-	149,088
Accrued interest payable	-	-	4,227	-	4,227
Accrued leave	-	31,579	-	-	31,579
Total current liabilities	<u>274</u>	<u>273,675</u>	<u>828,592</u>	<u>-</u>	<u>1,102,541</u>
<b>Noncurrent liabilities</b>					
Long-term notes payable	-	-	3,827,838	-	3,827,838
Advance from other funds	-	-	231,211	-	231,211
Accrued closure and post closure costs	<u>347,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,040</u>
Total noncurrent liabilities	<u>347,040</u>	<u>-</u>	<u>4,059,049</u>	<u>-</u>	<u>4,406,089</u>
<b>Total liabilities</b>	<u>347,314</u>	<u>273,675</u>	<u>4,887,641</u>	<u>-</u>	<u>5,508,630</u>
<b>Net position</b>					
Net investment in capital assets	-	4,340,875	4,834,507	-	9,175,382
Unrestricted	<u>87,817</u>	<u>751,127</u>	<u>373,279</u>	<u>777,710</u>	<u>1,989,933</u>
<b>Total net position</b>	<u>87,817</u>	<u>5,092,002</u>	<u>5,207,786</u>	<u>777,710</u>	<u>11,165,315</u>
<b>Total liabilities and net position</b>	<u>\$ 435,131</u>	<u>\$ 5,365,677</u>	<u>\$ 10,095,427</u>	<u>\$ 777,710</u>	<u>\$ 16,673,945</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2014

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Operating revenues</b>					
Charges for services	\$ -	\$ 671,494	\$ 1,094,029	\$ -	\$ 1,765,523
Sponsorships	-	-	252,725	-	252,725
Other operating revenues	-	-	185,851	63,003	248,854
Total operating revenues	-	671,494	1,532,605	63,003	2,267,102
<b>Operating expenses</b>					
Salaries and employee benefits	-	1,235,983	893,071	-	2,129,054
Operation	22,415	1,411,029	1,081,716	-	2,515,160
Maintenance	-	679,647	126,067	-	805,714
Provision for depreciation	-	1,223,015	232,172	-	1,455,187
Total operating expenses	22,415	4,549,674	2,333,026	-	6,905,115
Operating income (loss)	(22,415)	(3,878,180)	(800,421)	63,003	(4,638,013)
<b>Nonoperating revenues (expenses)</b>					
Interest and other income	358	1,070	69	-	1,497
Interest expense	-	-	(156,852)	-	(156,852)
Donations	-	-	200,000	-	200,000
Tax revenues restricted for debt service:					
Hotel/Motel tax	-	-	461,052	-	461,052
Sales tax	-	-	656,968	-	656,968
Grant revenues	-	2,066,620	-	-	2,066,620
Total nonoperating revenues (expenses)	358	2,067,690	1,161,237	-	3,229,285
Income (loss) before operating transfers	(22,057)	(1,810,490)	360,816	63,003	(1,408,728)
<b>Operating transfers</b>					
Operating transfers in	65,000	876,224	-	-	941,224
Operating transfers out	-	-	-	(50,520)	(50,520)
Total operating transfers in (out)	65,000	876,224	-	(50,520)	890,704
Income (loss) before contributions	42,943	(934,266)	360,816	12,483	(518,024)
Capital contributions	-	228,478	-	-	228,478
<b>Change in net position</b>	42,943	(705,788)	360,816	12,483	(289,546)
<b>Total net position - beginning</b>	44,874	5,797,790	4,846,970	765,227	11,454,861
<b>Total net position - ending</b>	<b>\$ 87,817</b>	<b>\$ 5,092,002</b>	<b>\$ 5,207,786</b>	<b>\$ 777,710</b>	<b>\$ 11,165,315</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Cash flows from operating activities</b>					
Cash received from consumers	\$ -	\$ 649,606	\$ 1,600,485	\$ 52,823	\$ 2,302,914
Cash received from other operations	-	35,972	-	-	35,972
Cash paid to suppliers of goods and services	(44,764)	(1,286,251)	(1,211,913)	(49,032)	(2,591,960)
Cash paid to employees for services	-	(2,180,016)	(891,715)	-	(3,071,731)
Cash (paid to) received from other funds	(65,000)	-	-	3,757	(61,243)
Transfers in	65,000	-	-	-	65,000
Net cash provided (used) by operating activities	(44,764)	(2,780,689)	(503,143)	7,548	(3,321,048)
<b>Cash flows from non-capital financing activities:</b>					
Disbursements of community development loans	-	-	-	(50,203)	(50,203)
Principal collections of community development loans	-	-	-	50,203	50,203
Debt proceeds	-	-	500,000	-	500,000
Principal payments on debt	-	-	(611,973)	-	(611,973)
Repayment of advance	-	-	(18,789)	-	(18,789)
Interest expense	-	-	(156,852)	-	(156,852)
Transfers out	-	-	-	(50,520)	(50,520)
Appropriations from City	-	876,224	-	-	876,224
Donations received	-	-	200,000	-	200,000
Other non-operating income	-	773	-	-	773
Cash received from grants	-	1,891,944	-	990,229	2,882,173
Net cash provided (used) by non-capital financing activities	-	2,768,941	(87,614)	939,709	3,621,036
<b>Cash flows from capital and related financing activities</b>					
Construction and acquisition of property and equipment	-	(228,478)	(32,075)	(990,229)	(1,250,782)
Hotel/Motel tax	-	-	461,052	-	461,052
State sales tax	-	-	656,968	-	656,968
Capital grants received	-	228,478	-	-	228,478
Net cash provided (used) by capital and related financing activities	-	-	1,085,945	(990,229)	95,716
<b>Cash flows from investing activities</b>					
Redeemed/matured investments	44,406	-	-	-	44,406
Interest earned	358	295	69	-	722
Net cash provided (used) by investing activities	44,764	295	69	-	45,128
<b>Net increase (decrease) in cash and cash equivalents</b>	-	(11,453)	495,257	(42,972)	440,832
<b>Cash and cash equivalents - beginning of year</b>	-	437,119	14,743	299,030	750,892
<b>Cash and cash equivalents - end of year</b>	\$ -	\$ 425,666	\$ 510,000	\$ 256,058	\$ 1,191,724
<b>Cash and cash equivalents</b>					
Unrestricted cash on hand	\$ -	\$ -	\$ 510,000	\$ -	\$ 510,000
Unrestricted cash and cash equivalents on deposit	-	425,666	-	256,058	681,724
<b>Total cash and cash equivalents</b>	\$ -	\$ 425,666	\$ 510,000	\$ 256,058	\$ 1,191,724

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2014

	<u>Solid Waste</u>	<u>Jackson Transit Authority</u>	<u>Sportsplex</u>	<u>Community Development</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (22,415)	\$(3,878,180)	\$ (800,421)	\$ 63,003	\$(4,638,013)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	1,223,015	232,172	-	1,455,187
Change in closure/postclosure liability	(20,119)	-	-	-	(20,119)
Transfers in	65,000	-	-	-	65,000
Bad debt adjustment	-	-	-	(17,892)	(17,892)
(Increase) decrease in accounts receivable	-	14,084	67,880	-	81,964
(Increase) decrease in notes receivable	-	-	-	7,712	7,712
(Increase) decrease in inventory	-	(16,897)	6,411	-	(10,486)
(Increase) decrease in due from other funds	(65,000)	-	-	3,757	(61,243)
Increase (decrease) in accounts payable and accrued expenses	<u>(2,230)</u>	<u>115,607</u>	<u>(9,185)</u>	<u>(49,032)</u>	<u>55,160</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ (44,764)</u></b>	<b><u>\$(2,542,371)</u></b>	<b><u>\$ (503,143)</u></b>	<b><u>\$ 7,548</u></b>	<b><u>\$(3,082,730)</u></b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2014

	Deferred Compensation Trust Fund
<b>Assets</b>	
Investments	\$ 16,061,577
<b>Total assets</b>	<b>\$ 16,061,577</b>
<b>Liabilities</b>	
Deferred compensation benefits payable	\$ 16,061,577
<b>Total liabilities</b>	<b>16,061,577</b>
<b>Net position</b>	
Net position held in trust for employee benefits	-
<b>Total liabilities and net position</b>	<b>\$ 16,061,577</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2014

	Deferred Compensation Trust Fund
<b>Revenues:</b>	
Other:	
Increase (decrease) in FMV of investments	\$ 1,811,301
Employee contributions	<u>1,141,570</u>
Total revenues	<u>2,952,871</u>
<b>Expenditures:</b>	
General Government	
Employee benefits	<u>2,952,871</u>
Total expenditures	<u>2,952,871</u>
<b>Change in net position</b>	-
Net position - beginning	<u>-</u>
Net position - ending	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*



**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

Revenues	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Taxes	\$ 29,785,003	\$ 29,785,003	\$ 29,500,158	\$ (284,845)
Licenses and permits	4,572,135	4,572,135	4,421,460	(150,675)
Fines, interest and penalties	1,324,000	1,324,000	1,213,382	(110,618)
Use of money and property	1,255,985	1,283,389	1,103,911	(179,478)
Intergovernmental	23,766,014	23,990,992	22,805,090	(1,185,902)
Sales and service charges	617,360	617,360	694,098	76,738
Other	1,340,861	1,340,861	1,702,040	361,179
<b>Total revenues</b>	<b>62,661,358</b>	<b>62,913,740</b>	<b>61,440,139</b>	<b>(1,473,601)</b>
<b>Expenditures</b>				
Current:				
General government	15,811,607	15,956,814	13,833,810	2,123,004
Public safety	33,315,314	35,268,410	36,183,118	(914,708)
Public works	6,553,648	6,565,648	7,010,521	(444,873)
Public welfare and community services	7,025,767	7,160,197	7,281,795	(121,598)
<b>Total expenditures</b>	<b>62,706,336</b>	<b>64,951,069</b>	<b>64,309,244</b>	<b>641,825</b>
Excess (deficiency) of revenues over/(under) expenditures	(44,978)	(2,037,329)	(2,869,105)	(831,776)
<b>Other financing sources (uses)</b>				
Operating transfers in from				
KCR Park Fund	36,000	36,000	-	(36,000)
Solid Waste Fund	1,400,000	1,400,000	2,118,655	718,655
Riverside Cemetery Trust	18,000	18,000	-	(18,000)
Transfers out to				
Capital Outlay Fund	-	(1,100,519)	(1,319,147)	(218,628)
CRA District	(110,000)	(110,000)	(133,077)	(23,077)
Jackson Transit Authority	(716,025)	(716,025)	(716,443)	(418)
<b>Total other financing sources (uses)</b>	<b>627,975</b>	<b>(472,544)</b>	<b>(50,012)</b>	<b>422,532</b>
Net changes in fund balance	\$ 582,997	\$ (2,509,873)	(2,919,117)	\$ (409,244)
<b>Fund balance - beginning</b>			23,883,590	
<b>Fund balance - ending</b>			<b>\$ 20,964,473</b>	

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Taxes:				
Property taxes	\$ 24,137,477	\$ 24,137,477	\$ 23,453,066	\$ (684,411)
Tax equivalents:				
IDB	229,000	229,000	279,564	50,564
Electric Department	2,193,414	2,193,414	2,334,028	140,614
Water Department	310,606	310,606	335,225	24,619
Gas Department	998,249	998,249	1,017,082	18,833
Jackson Housing	8,422	8,422	30,931	22,509
St. Mary's Manor	4,274	4,274	4,274	-
Wesley	3,561	3,561	3,561	-
City beer tax	1,900,000	1,900,000	2,042,427	142,427
Total taxes	<u>29,785,003</u>	<u>29,785,003</u>	<u>29,500,158</u>	<u>(284,845)</u>
Licenses and permits:				
Automobile license	1,100,000	1,100,000	1,126,766	26,766
Mechanical permits	35,000	35,000	23,835	(11,165)
Building permits	320,000	320,000	303,740	(16,260)
Electric permits	82,000	82,000	73,083	(8,917)
Chauffeur permits	400	400	370	(30)
Development permits	7,000	7,000	6,760	(240)
Tradesman license fees	57,685	57,685	60,775	3,090
Business tax	1,800,000	1,800,000	1,700,285	(99,715)
Plumbing permits	35,000	35,000	24,759	(10,241)
Wholesale liquor tax	600,000	600,000	604,508	4,508
Beer privilege tax	30,000	30,000	20,341	(9,659)
Gas permits	12,000	12,000	12,503	503
Other review/evaluation fees	3,950	3,950	4,775	825
Liquor application fee	2,000	2,000	2,000	-
Moving permits	100	100	25	(75)
Other investigation fees	10,000	10,000	10,700	700
Mixed drink taxes	75,000	75,000	45,659	(29,341)
Sign permits	12,000	12,000	13,536	1,536
Hotel-motel tax	390,000	390,000	387,040	(2,960)
Total licenses and permits	<u>\$ 4,572,135</u>	<u>\$ 4,572,135</u>	<u>\$ 4,421,460</u>	<u>\$ (150,675)</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Fines, interest, and penalties:				
Police and city court revenue	\$ 635,000	\$ 635,000	\$ 479,039	\$ (155,961)
City jail fees	10,000	10,000	9,012	(988)
Parking tickets	35,000	35,000	39,022	4,022
Red light tickets	-	-	93,413	93,413
City sticker tickets	25,000	25,000	13,921	(11,079)
Evidence awards	10,000	10,000	30,866	20,866
Privilege license and business tax penalties	1,000	1,000	458	(542)
Drug litigation tax	95,000	95,000	75,975	(19,025)
Delinquent real estate taxes, interest and penalties	500,000	500,000	462,196	(37,804)
Sex offender registration	13,000	13,000	9,480	(3,520)
Total fines, interest and penalties	<u>1,324,000</u>	<u>1,324,000</u>	<u>1,213,382</u>	<u>(110,618)</u>
Use of money and property:				
Rent income	20,000	20,000	25,879	5,879
Recreation revenue	19,500	19,500	7,531	(11,969)
Casey Jones Museum rent	8,000	8,000	16,929	8,929
Interest on investments	176,250	194,889	90,910	(103,979)
T. R. White revenue	32,369	32,369	34,226	1,857
Westwood Community Center revenue	4,500	4,500	6,997	2,497
South Jackson Community Center revenue	6,000	6,000	2,968	(3,032)
Oman Arena revenue	125,000	125,000	173,413	48,413
Civic Center revenue	358,365	358,365	160,935	(197,430)
Carnegie Center revenue	-	-	13,500	13,500
Fairgrounds revenue	175,000	175,000	209,042	34,042
Ned Center revenue	85,201	85,201	110,581	25,380
Community education	1,500	1,500	25,573	24,073
Athletics revenue	70,000	70,000	61,919	(8,081)
Tennis court revenues	40,000	40,000	36,093	(3,907)
Farmer's Market rent	29,000	29,000	42,690	13,690
Depot rent	600	600	713	113
Theater	25,000	25,000	8,604	(16,396)
Concessions	60,500	60,500	58,735	(1,765)
Miscellaneous	18,200	26,965	15,412	(11,553)
Swimming pool revenue	1,000	1,000	1,261	261
Total use of money and property	<u>\$ 1,255,985</u>	<u>\$ 1,283,389</u>	<u>\$ 1,103,911</u>	<u>\$ (179,478)</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Intergovernmental:				
State of Tennessee:				
Excise tax	\$ 151,000	\$ 151,000	\$ 101,186	\$ (49,814)
Income tax	500,000	500,000	665,961	165,961
Beer tax	30,000	30,000	30,857	857
Sales tax	4,460,000	4,460,000	4,665,734	205,734
Mixed drink tax	400,000	400,000	187,734	(212,266)
TVA tax	750,000	750,000	723,030	(26,970)
Law enforcement education supplement	131,400	131,400	125,400	(6,000)
Fire protection education supplement	103,200	103,200	102,600	(600)
Child and adult care food program grant	1,500	1,500	2,110	610
Municipal planning office grant	171,794	171,794	154,028	(17,766)
RTP grant - Liberty Gardens	77,326	77,326	40,090	(37,236)
SART grant	125,000	125,000	104,999	(20,001)
City street & transportation	150,000	150,000	133,451	(16,549)
Gasoline & motor fuel tax	1,700,000	1,700,000	1,156,893	(543,107)
Gas 1989	-	-	185,662	185,662
Gas 3 cent	-	-	344,589	344,589
Transportation planning project	45,133	45,133	8,510	(36,623)
TDOT reimbursement	210,000	210,000	225,781	15,781
Madison County:				
Local sales tax apportioned	12,533,646	12,533,646	11,897,150	(636,496)
Federal Government:				
ACT grant	11,700	11,700	8,575	(3,125)
Drug court grant	70,000	70,000	69,950	(50)
COPS grant	51,000	51,000	51,746	746
JAG	54,200	186,507	143,866	(42,641)
CDBG grant	1,980,000	1,980,000	1,600,403	(379,597)
Farmers' Market grant	8,300	8,300	4,754	(3,546)
NRPA Archive grant	-	39,991	18,210	(21,781)
TRPA Community Garden	-	2,000	1,988	(12)
MPO - SPR	50,815	101,495	49,833	(51,662)
Total intergovernmental	<u>\$ 23,766,014</u>	<u>\$ 23,990,992</u>	<u>\$ 22,805,090</u>	<u>\$ (1,185,902)</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Sales and service charges:				
Supply sales	\$ 57,500	\$ 57,500	\$ 70,128	\$ 12,628
Plans review	116,000	116,000	80,264	(35,736)
Fire protection contracts & reports	100	100	13	(87)
Fire training fees	30,000	30,000	58,607	28,607
Board of Appeals fees	6,000	6,000	6,850	850
Accident report fees by police	10,000	10,000	8,984	(1,016)
Police security	244,000	244,000	290,104	46,104
JTA ticket sales commission	-	-	96	96
Business tax recording fees	250	250	40	(210)
Handling fees	5,000	5,000	5,235	235
Planning Dept, maps and services	29,710	29,710	29,700	(10)
Zoning application fees	6,000	6,000	5,250	(750)
Traffic sign	1,000	1,000	1,498	498
Sale of merchandise and services	46,500	46,500	56,887	10,387
Miscellaneous	65,300	65,300	80,442	15,142
Total sales and service charges	<u>617,360</u>	<u>617,360</u>	<u>694,098</u>	<u>76,738</u>
Other revenues:				
CATV revenues	950,000	950,000	992,255	42,255
Donations	3,635	3,635	130,600	126,965
House demolitions	1,000	1,000	3,483	2,483
Riverside Cemetery trust fund income	2,000	2,000	19,791	17,791
Sponsors- t-shirt uniforms	500	500	5,666	5,166
Insurance recoveries	-	-	73,042	73,042
Reimbursements	383,726	383,726	477,203	93,477
Total other revenues	<u>1,340,861</u>	<u>1,340,861</u>	<u>1,702,040</u>	<u>361,179</u>
<b>Total revenues</b>	<b><u>\$ 62,661,358</u></b>	<b><u>\$ 62,913,740</u></b>	<b><u>\$ 61,440,139</u></b>	<b><u>\$ (1,473,601)</u></b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
General Government Administration:				
Office of Mayor:				
Salaries	\$507,179	\$ 518,031	\$510,031	\$ 8,000
Community services	26,470	26,470	35,558	(9,088)
Operating	29,640	29,640	40,632	(10,992)
City Council:				
Salaries	112,548	112,548	113,006	(458)
Operating	25,210	25,210	18,557	6,653
Municipal Court:				
Salaries	651,360	651,360	672,339	(20,979)
Operating	13,248	13,248	37,402	(24,154)
Drug Treatment:				
Salaries	147,230	147,230	129,186	18,044
Operating	73,000	73,000	72,062	938
Legal Department:				
Operating	202,000	202,000	289,729	(87,729)
Planning and Zoning:				
Salaries	523,966	523,966	527,445	(3,479)
Operating	36,681	36,681	31,104	5,577
Code/Zoning Appeals Boards:				
Salaries and operating	300	300	-	300
Civil Service:				
Operating	3,885	3,885	3,840	45
Public buildings and services:				
Salaries - janitors	75,922	75,922	68,979	6,943
Operating	383,812	383,812	352,214	31,598
Revenue and finance:				
Salaries	399,204	399,204	386,219	12,985
Printing and binding	21,450	21,450	17,519	3,931
Publicity, subscriptions and dues	9,050	9,050	5,062	3,988
Auditing	64,250	64,250	66,825	(2,575)
Office supplies and postage	19,500	19,500	12,681	6,819
Insurance and bonding premiums	707,176	707,176	708,340	(1,164)
Travel	2,100	2,100	1,982	118
Other operating expenses	11,720	11,720	9,273	2,447
County Trustee/Clerk commission	151,000	151,000	168,477	(17,477)

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
General Government Administration:				
Accounting:				
Salaries	\$ 295,153	\$ 295,153	\$ 345,152	\$ (49,999)
Operating	14,700	14,700	10,221	4,479
Information systems:				
Salaries	394,044	394,044	526,351	(132,307)
Operating	239,685	239,685	221,383	18,302
Farmer's market:				
Salaries	77,206	79,919	75,496	4,423
Operating	30,618	30,618	32,883	(2,265)
Purchasing:				
Salaries	124,453	124,453	128,868	(4,415)
Operating	13,583	13,583	10,743	2,840
Building Department:				
Salaries	767,522	767,522	765,420	2,102
Operating	69,118	69,118	45,035	24,083
Risk management:				
Salaries	183,063	183,063	159,144	23,919
Operating	6,960	6,960	7,151	(191)
Reimbursable Planning Act:				
Operating	216,927	216,927	32,821	184,106
Housing Codes Enforcement:				
Salaries	292,672	292,672	343,785	(51,113)
Operating	85,341	85,341	89,107	(3,766)
Personnel:				
Salaries	246,878	246,878	258,925	(12,047)
Operating	18,500	18,500	15,534	2,966
Miscellaneous expenditures:				
Contributions	338,614	393,614	390,909	2,705
Grant expenses	2,241,141	2,291,821	1,811,574	480,247
Cost of living adjustment	1,690,468	1,690,468	-	1,690,468
Damage claims and court costs	163,972	163,972	75,443	88,529
Municipal development	92,000	92,000	129,120	(37,120)
Payroll taxes	30,000	30,000	36,523	(6,523)
Health claims paid	6,700,000	6,700,000	6,700,475	(475)
Employee/Employer health insurance	(6,700,000)	(6,700,000)	(7,094,303)	394,303
Dental insurance claims paid	306,000	306,000	356,132	(50,132)
Employee dental insurance	(306,000)	(306,000)	(344,554)	38,554
Vision insurance claims paid	69,300	69,300	91,216	(21,916)
Employee vision insurance	(69,300)	(69,300)	(68,738)	(562)
Group health insurance	300,000	300,000	341,416	(41,416)
Group vision insurance	100,000	100,000	95,650	4,350

*The accompanying notes are an integral part of these financial statements.*



**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
General Government Administration:				
Publicity and marketing	\$ 366,500	\$ 366,500	\$ 512,279	\$ (145,779)
On-the-job injury	500,000	500,000	562,802	(62,802)
Tax sales expense	75,000	75,000	99,938	(24,938)
City sticker collection fees	60,000	60,000	67,730	(7,730)
Employee education and training	22,000	22,000	28,361	(6,361)
Group life insurance	135,000	135,000	165,927	(30,927)
Employee benefits	370,000	370,000	549,918	(179,918)
Retirement benefits	590,165	590,165	647,816	(57,651)
Unemployment insurance	50,000	50,000	9,941	40,059
Appropriation to Airport Authority	136,654	136,654	157,019	(20,365)
Appropriation to Jackson-Madison County Library	487,597	487,597	488,196	(599)
Appropriation to IDB	350,000	350,000	169,430	180,570
Appropriation to EMA	114,488	114,488	126,473	(11,985)
Appropriations to other agencies	195,684	221,646	209,882	11,764
EERP Grant expense	-	-	35	(35)
Contractual services	50,000	50,000	21,437	28,563
Long-term disability insurance	40,000	40,000	35,623	4,377
Credit card charges	5,000	5,000	81,105	(76,105)
Sundry/other	33,000	33,000	32,554	446
Total General Government Administration	<u>15,811,607</u>	<u>15,956,814</u>	<u>13,833,810</u>	<u>2,123,004</u>
Public Safety:				
Police Department:				
Salaries	7,560,772	7,916,772	8,319,721	(402,949)
Operating	880,980	992,980	1,022,026	(29,046)
Patrol Department:				
Salaries	8,263,696	8,907,494	9,069,714	(162,220)
Operating	903,470	1,081,470	1,071,374	10,096
Police grant programs				
Salaries	195,365	326,356	318,107	8,249
Operating	54,200	216,507	150,544	65,963
Crime prevention				
Salaries	765,965	765,965	887,962	(121,997)
Operating	9,500	9,500	20,805	(11,305)
Fire Department:				
Salaries	11,595,599	11,865,599	12,142,823	(277,224)
Operating	883,475	983,475	1,103,126	(119,651)
Fire Safety & Public Education:				
Salaries	119,516	119,516	128,579	(9,063)
Operating	10,250	10,250	8,940	1,310

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Public Safety:				
Correctional administration:				
Salaries	\$ 15,785	\$ 15,785	\$ 16,243	\$ (458)
Operating	13,568	13,568	9,215	4,353
Traffic and street crimes:				
Salaries	729,368	729,368	629,564	99,804
Operating	2,500	2,500	3,263	(763)
Central dispatch operations:				
Salaries	1,198,733	1,198,733	1,175,565	23,168
Operating	112,572	112,572	105,547	7,025
Total Public Safety	<u>33,315,314</u>	<u>35,268,410</u>	<u>36,183,118</u>	<u>(914,708)</u>
Public Works:				
Engineer:				
Salaries	394,117	394,117	395,591	(1,474)
Operating	66,598	66,598	86,999	(20,401)
State Street Aid:				
Salaries	1,422,031	1,422,031	1,580,020	(157,989)
Operating	422,559	422,559	467,780	(45,221)
Street lighting	1,890,000	1,890,000	1,974,223	(84,223)
Demolition and soil erosion				
Salaries	735,635	735,635	741,914	(6,279)
Operating	181,304	181,304	244,804	(63,500)
Street construction:				
Salaries	17,980	17,980	17,497	483
Operating	61,400	61,400	63,359	(1,959)
Street cleaning:				
Salaries	77,576	77,576	80,398	(2,822)
Flood damages	-	-	3,600	(3,600)
Operating	27,567	27,567	25,956	1,611
State Street Maintenance:				
Salaries	144,864	144,864	144,508	356
Operating	74,461	74,461	121,009	(46,548)
Jackson City Beautiful:				
Operating	15,218	17,218	14,344	2,874
Garage operations:				
Salaries	331,788	331,788	377,095	(45,307)
Operating	82,250	82,250	62,754	19,496
Traffic sign and signalization:				
Salaries	176,775	176,775	169,453	7,322
Operating	431,525	441,525	439,217	2,308
Total Public Works	<u>\$ 6,553,648</u>	<u>\$ 6,565,648</u>	<u>\$ 7,010,521</u>	<u>\$ (444,873)</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Public Welfare and Community Service:				
Recreation:				
Salaries	\$ 629,052	\$ 704,052	\$ 742,092	\$ (38,040)
Operating	139,348	139,348	125,964	13,384
Direct assistance recreation grants	4,500	4,500	3,055	1,445
Athletics:				
Salaries	223,927	223,927	228,785	(4,858)
Operating	110,060	110,060	89,458	20,602
Parks and public property:				
Salaries	1,867,336	1,867,336	1,899,554	(32,218)
Operating	445,841	445,841	444,894	947
Westwood Community Center:				
Salaries	98,091	98,091	98,080	11
Operating	55,847	55,847	65,033	(9,186)
South Jackson Community Center:				
Salaries	64,372	64,372	68,657	(4,285)
Operating	16,779	16,779	18,537	(1,758)
Pringles Park:				
Salaries	-	-	-	-
Operating	576,200	591,700	658,926	(67,226)
Cypress Grove Nature Park:				
Salaries	11,221	11,221	10,570	651
Operating	14,104	14,104	12,030	2,074
Depot:				
Salaries	88,702	88,702	92,467	(3,765)
Operating	14,908	14,908	13,273	1,635
Riverside Cemetery:				
Operating	18,000	18,000	18,880	(880)
Oman Arena:				
Salaries	17,620	17,620	24,988	(7,368)
Operating	235,000	235,000	169,619	65,381
Civic Center:				
Salaries	488,186	505,186	533,703	(28,517)
Operating	545,347	545,347	569,336	(23,989)
Fairgrounds:				
Salaries	288,495	288,495	250,750	37,745
Operating	155,977	155,977	159,509	(3,532)
Carnegie/Ned:				
Salaries	163,925	163,925	155,434	8,491
Operating	161,220	170,620	223,916	(53,296)

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	\$ 372,097	\$ 372,097	\$ 381,506	\$ (9,409)
Operating	130,952	130,952	116,942	14,010
Tennis Center:				
Salaries	21,183	21,183	28,410	(7,227)
Operating	18,264	18,264	23,837	(5,573)
Bemis Community Center:				
Operating	11,042	11,042	8,454	2,588
Golf Course:				
Operating	36,000	36,000	26,420	9,580
Treemendous projects	2,171	19,701	18,716	985
Total Public Welfare and Community Service	<u>7,025,767</u>	<u>7,160,197</u>	<u>7,281,795</u>	<u>(121,598)</u>
<b>Total expenditures</b>	<b><u>\$ 62,706,336</u></b>	<b><u>\$ 64,951,069</u></b>	<b><u>\$ 64,309,244</u></b>	<b><u>\$ 641,825</u></b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**SOLID WASTE COLLECTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Use of money and property:				
Interest earned	\$ -	\$ -	\$ 436	\$ 436
Sales and service charges:				
Garbage collection revenue	12,998,399	12,998,399	12,355,393	(643,006)
Miscellaneous	-	-	92,827	92,827
<b>Total revenues</b>	<u>12,998,399</u>	<u>12,998,399</u>	<u>12,448,656</u>	<u>(549,743)</u>
<b>Expenditures</b>				
Current				
Public Works				
Salaries	1,345,629	1,345,629	1,328,567	17,062
Employee benefits	410,825	410,825	431,848	(21,023)
Travel and training	2,600	2,600	2,982	(382)
Materials and supplies	25,200	25,200	26,366	(1,166)
Motor vehicle	341,100	341,100	427,108	(86,008)
Mobile communication	3,500	3,500	3,340	160
Uniforms and clothing	8,000	8,000	4,504	3,496
Utilities and telephone	7,800	7,800	14,163	(6,363)
Professional services	2,500	2,500	1,827	673
Insurance	4,000	4,000	6,401	(2,401)
BFI landfill dumping	2,600,000	2,600,000	2,559,009	40,991
Postage	12,000	12,000	9,438	2,562
H&S landfill dumping	80,000	80,000	105,674	(25,674)
Repair and maintenance	7,000	7,000	10,887	(3,887)
Recycling	7,899	7,899	325	7,574
Bank charges	-	-	1,573	(1,573)
Fuel surcharges	613,558	613,558	311,132	302,426
Residential garbage charges	2,745,416	2,745,416	2,689,165	56,251
Commercial garbage charges	3,065,000	3,065,000	2,886,037	178,963
	<u>11,282,027</u>	<u>11,282,027</u>	<u>10,820,346</u>	<u>461,681</u>
Capital outlay	251,372	251,372	102,171	149,201
<b>Total expenditures</b>	<u>11,533,399</u>	<u>11,533,399</u>	<u>10,922,517</u>	<u>610,882</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,465,000</u>	<u>1,465,000</u>	<u>1,526,139</u>	<u>61,139</u>
<b>Other financing sources (uses)</b>				
Transfers to other funds	<u>(1,465,000)</u>	<u>(1,554,513)</u>	<u>(2,183,655)</u>	<u>(629,142)</u>
<b>Change in fund balance</b>	<u>\$ -</u>	<u>\$ (89,513)</u>	<u>(657,516)</u>	<u>\$ (568,003)</u>
Fund balance - beginning			<u>657,516</u>	
Fund balance - ending			<u>\$ -</u>	

*The accompanying notes are an integral part of these financial statements.*

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Jackson, Tennessee (the City), is a municipal corporation governed by an elected mayor and nine-member council and provides the following services as authorized by its charter: public safety (police and fire), building inspection, planning and zoning, street maintenance, sanitation, cemetery maintenance, health, parks and recreation, and general administrative services. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The City's discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital outlay fund is used to account for capital asset acquisition and construction of all funds of the City except for infrastructures financed through the Sportsplex Fund.

The solid waste collection fund is a special revenue fund used to account for funds received from commercial and residential garbage collections. Use of the funds is limited to expenditures for the activities of the City's Health and Sanitation Department and the Solid Waste Fund.

The City reports the following major proprietary funds:

The solid waste fund accounts for funds received from landfill fees, solid waste related grant revenues and the reimbursement from Madison County for one-half of the operating costs of the landfill. Use of the funds is limited to expenditures for the recycling of solid waste and for providing a solid waste landfill for the disposal of solid waste.



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The Sportsplex fund is used to account for the activities of the City's seventeen-field baseball/softball complex.

The community development fund is used to account for federal, state, and local funds received by the City which are restricted to developing viable living communities, providing decent housing and a suitable living environment, providing emergency shelters for the homeless and expanding economic opportunities principally for persons of low and moderate income.

Jackson Transit Authority accounts for the activities of the City's urban transit. The management of the Jackson Transit Authority is vested in a board of directors consisting of seven members, all of whom are elected by the City Council upon the Mayor's recommendation, for five year terms. Jackson Transit Authority is a blended component unit of the City.

Jackson Energy Authority is responsible for planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utilities systems within or outside the corporate limits of the City, and other such utility systems as a municipal water, wastewater, gas, telecommunications, or electric utility is authorized by the general laws of the State of Tennessee to own or operate. On September 10, 2003, Jackson Energy Authority issued \$54,300,000 in adjustable rate revenue bonds. Concurrent to this bond issue, the City issued a debt service guaranty agreement in which it unconditionally guarantees the debt of the entity in the event that the Authority defaults on the debt. Jackson Energy Authority is a discretely presented component unit of the City.

The Jackson Community Redevelopment Agency (Agency) was formed for the purpose of preserving health, safety, and welfare of the residents of the City and Madison County, to provide for affordable housing, and to inhibit and improve blighted areas. The management of the Agency is vested in a board of directors consisting of seven members. Five members are elected by the City Council upon the Mayor's recommendation, and the two remaining members are elected by the County Commission upon the recommendation of the County Mayor. There must be one member that is a serving City Council member and one that is a current County Commissioner. The Jackson Community Redevelopment Agency is a discretely presented component unit of the City.

Complete financial statements of the component units discussed above can be obtained from their respective administrative offices at the following addresses:

Jackson Transit Authority	Jackson Energy Authority	Jackson Community Redevelopment Agency
241 E. Deaderick Street	119 E. College Street	111 E. Main Street
Jackson, Tennessee 38301	Jackson, Tennessee 38301	Jackson, Tennessee 38301

Additionally, the City reports the following fiduciary fund:

The deferred compensation trust fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Service Code Section 457.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other

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charges between the government's utility divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, and sewer funds are charges for sales to customers for sales and service. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**Deposits and investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. Cash resources of all governmental funds are pooled and are invested to the extent possible in certificates of deposit. All interest earned on this pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements and the state's investment pool.

Investments for the City, as well as for its component units, are reported at fair value.

**Receivables and payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

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The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary funds are recorded by the direct write-off method.

Property taxes are levied annually on October 1. The taxes are due and payable from the following October through February in the year of the tax levy. Taxes uncollected at October 31 of the succeeding year are submitted to the Chancery Court for collection. Discounts are allowed to taxpayers for early payment of property taxes.

All trade receivables are shown net of an allowance for uncollectibles if management's evaluation of credit risk determined such an allowance was necessary.

**Inventories and prepaid items**

Inventories in the governmental funds are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories in the proprietary funds are valued at the lower of average cost or market using the FIFO method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital assets**

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. All land, construction in progress, and works of art will be included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City, as well as the component units, are depreciated using the straight line method over the following useful lives:

Buildings	15 - 40 years	Infrastructure	12 - 40 years
Improvements other than buildings	20 years	Furniture and fixtures	5 - 15 years
Machinery and equipment	3 - 20 years		

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**Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay them.

Employees of the City may accumulate up to 22 1/2 days of annual leave, which is fully vested, and 75 days of sick leave, which is not vested. Sick leave time accumulated over 75 days is paid to the employees at the rate of 50% regular pay upon normal retirement. Employees leaving the employment of the City for any reason other than retirement have no vested interest in sick leave over 75 days.

Employees of the Jackson Transit Authority (JTA) may accumulate up to 30 days of annual leave based on longevity of service which is fully vested. The sick leave policy was changed in November 1995 to allow all salaried employees who leave in good standing with JTA and who give a minimum of two weeks notice to receive 80 hours of sick leave at full pay plus one-half of all their sick leave over 80 hours.

Accrued compensated absences at June 30, 2014, are:

City of Jackson	\$2,612,553
Jackson Transit Authority	31,579

**Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

The City reports unavailable property taxes, unavailable intergovernmental revenues, and unavailable public safety revenue as deferred inflows of resources in the governmental fund balance sheet. In the statement of net position, unavailable property taxes related to the subsequent tax year are reported.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not

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be recognized as an outflow of resources (expense/expenditure) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Impact of Recently Issued Accounting Pronouncements**

In March 2012, the GASB issued Statement No.65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. This statement resulted in the classification of unavailable property taxes, unavailable public safety revenue, and unavailable intergovernmental revenue as compared to previously being presented as liabilities.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement 25*, and Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. For governments to adopt Statement 68, the underlying pension plans must first adopt Statement 67. Statement 67 revises existing standards of financial reporting by state and local government pension plans and is effective for fiscal years beginning after June 15, 2013. Statement 68 improves accounting and financial reporting by state and local governments for pensions and is effective for fiscal years beginning after June 15, 2014. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

**Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund equity**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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Nonspendable – consists of funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted – consists of funds that are mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed – consists of funds that are set aside for a specific purpose as approved by the City Council. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned – consists of funds that are set aside with the intent to be used for a specific purpose by the City Council or the City Recorder that has been given the authority to assign funds by the City Council. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned – consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

In accordance with this GASB Statement No. 54, the City adopted a Fund Balance Policy with the following major provisions –

**Order and Use of Restricted and Unrestricted Funds**

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

**Authority to Commit Funds**

The City's governing body has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires the passage of an ordinance by a simple majority vote. The passage of an ordinance must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the ordinance must state the process or formula necessary to calculate the actual amount as soon as information is available. In the event the governing body wished to lift the committed status of funds so that they may be used for general purposes, a formal action equal to that which originally committed the funds must be taken.

**Authority to Assign Funds**

The City's governing body has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, the Finance Director shall record the amount as assigned fund balance.

**Unassigned Fund Balance**

Unassigned fund balance is the residual amount of fund balance in the general fund. It represents the resources available for future spending. An appropriate level of unassigned fund

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balance should be maintained in the general fund in order to cover unexpected expenditures and revenue shortfalls.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The reconciliation of the balance sheet of governmental funds to the statement of net assets includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$76,259,421) are as follows:

Bonds payable	\$ 66,944,187
Notes payable	6,212,037
OPEB liability	349,229
Premium on debt issuance	141,416
Compensated absences payable	<u>2,612,552</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 76,259,421</u>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this \$4,121,831 difference are as follows:

Capital outlay, net change	\$ 10,696,933
Book value of assets removed	(18,808)
Depreciation expense	<u>(6,556,294)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,121,831</u>

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$41,526 difference are as follows:



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Change in deferred court fine revenue	\$ 77,625
Change in grant revenues	289,100
Change in property taxes	(333,984)
Change in other revenue	<u>8,785</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 41,526</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital project funds, and certain proprietary funds. As an extension of the budget process, City Council may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. All annual appropriations lapse at fiscal year end. Legal level of budgetary control exists at the major function level in the General Fund and at the fund level for all other funds.

Encumbrances, when present, represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**NOTE 4 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At June 30, 2014, investments of the City consisted of the following:

	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value or Carrying Amount</u>
U.S. Government agency bonds	N/A	\$ 1
Certificates of deposit	7-35	6,412,865
Deferred Compensation Fund	N/A	<u>16,061,577</u>
		<u>\$ 22,474,443</u>

**Interest rate risk**

As a means of limiting its exposure to fair value losses arising from interest rate risks, the City generally limits its investments to those with maturities of one year or less. The City's investment portfolio did not experience a significant fluctuation in fair value during the year.

**Custodial credit risk**

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or

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treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2014, all bank deposits were fully collateralized or insured.

**Credit risk**

The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. At June 30, 2014, the City's investments in U.S. Government agency securities include Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporation bonds, which were rated AAA by Standard & Poor's or Aaa by Moody's Investor Services.

**B. Receivables**

Receivables as of the year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Outlay	Solid Waste Collection	Sportsplex	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:								
Taxes	\$ 26,817,479	\$ 6,894,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,712,347
Interest	16,748	-	-	-	-	-	-	16,748
Accounts	123,329	42,334	391,142	1,470,432	76,724	25,062	15,119	2,144,142
Grants	1,254,902	-	48,849	-	-	462,174	58,288	1,824,213
Intergovernmental	4,651,213	-	-	-	-	-	-	4,651,213
Court fines	1,286,005	-	-	-	-	-	239,349	1,525,354
Advance	231,211	-	-	-	-	-	-	231,211
Note	338,300	-	-	-	-	-	-	338,300
Gross receivables	34,719,187	6,937,202	439,991	1,470,432	76,724	487,236	312,756	44,443,528
Less: Allowance for uncollectibles	(2,163,811)	(276,569)	-	(35,707)	-	-	(206,728)	(2,682,815)
Net total receivables	<u>\$ 32,555,376</u>	<u>\$ 6,660,633</u>	<u>\$ 439,991</u>	<u>\$ 1,434,725</u>	<u>\$ 76,724</u>	<u>\$ 487,236</u>	<u>\$ 106,028</u>	<u>\$ 41,760,713</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources reported in the governmental funds were as follows:

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2014 property tax assessment	\$ 30,052,169
Delinquent property taxes	2,153,534
Grant revenues considered to be deferred revenues	1,177,362
Court fines receivable	<u>266,244</u>
Total deferred revenue for governmental funds	<u>\$ 33,649,309</u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
Community Development	General	\$ 17,514
General	Metro Drug	962
Grant Fund #2 HOME	Grant Fund #1 CDBG	24,535
Solid Waste	Solid Waste Collection	65,000
General	Solid Waste Collection	<u>658,037</u>
Total		766,048
Governmental activities eliminated		<u>(683,534)</u>
Total		<u>\$ 82,514</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund transfers were consummated within the normal operations of the City. The City intends to repay all interfund liabilities within the next fiscal year.

Interfund transfers are used to 1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Interfund transfers during the year ended June 30, 2014, were as follows:

Transfer Out	Transfer In						Total
	General	Capital Outlay	CRA District	Jackson Transit Authority	Solid Waste	Nonmajor Governmental Funds	
General	\$ -	\$ 1,319,147	\$ 133,077	\$ 716,443	\$ -	\$ -	\$ 2,168,667
Debt Service	-	7,594,000	-	-	-	-	7,594,000
Solid Waste Collection	2,118,655	-	-	-	65,000	-	2,183,655
Capital Outlay	-	-	-	159,781	-	-	159,781
Community Development	-	-	-	-	-	50,520	50,520
Nonmajor Governmental	-	-	-	-	-	226,226	226,226
	<u>\$ 2,118,655</u>	<u>\$ 8,913,147</u>	<u>\$ 133,077</u>	<u>\$ 876,224</u>	<u>\$ 65,000</u>	<u>\$ 276,746</u>	<u>\$ 12,382,849</u>

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The descriptions of the transfers are as follows:

- The transfer from the Solid Waste Collection fund to the General fund was done in the current year due to the fact that in prior years the General fund and Solid Waste fund were presented together for reporting purposes due to State requirements and thus were also tied together for budgeting purposes in the current year.
- The transfer from the General fund to the Capital Outlay fund is for capital outlay needs in the current year.
- The transfer from the Debt Service fund to the Capital Outlay fund is for capital outlay needs in the current year that were funded from long-term debt proceeds issued in the debt service fund.
- The transfers from the General fund and Capital Projects fund to the Jackson Transit Authority were for the City's portion of operating assistance and capital assistance provided to the Transit Authority annually.
- The transfer from the Solid Waste Collection fund to the Solid Waste fund was done to fund the prior year deficit fund balance and the current year expenses due to the Landfill being closed. The Solid Waste Collection fund will continue to transfer the amount needed to cover expenses in the future years.
- The transfers from the CRA District and the Jackson Community Development to the CRA fund is for a debt payment that the City holds the debt for.
- The transfers from the General Fund to the CRA District is for the CRA's portion of TIF income.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 20,146,216	\$ 271,891	\$ -	\$ 20,418,107
Construction in progress	862,494	-	-	862,494
Total capital assets, not being depreciated	<u>21,008,710</u>	<u>271,891</u>	<u>-</u>	<u>21,280,601</u>
Capital assets, being depreciated				
Buildings	66,705,596	288,228	-	66,993,824
Improvements other than buildings	1,874,048	260,479	-	2,134,527
Machinery and equipment	27,882,053	3,104,656	229,830	30,756,879
Infrastructure	<u>100,703,612</u>	<u>6,771,679</u>	<u>-</u>	<u>107,475,291</u>
Total capital assets, being depreciated	<u>197,165,309</u>	<u>10,425,042</u>	<u>229,830</u>	<u>207,360,521</u>
Less accumulated depreciation for:				
Buildings	34,857,964	1,444,177	-	36,302,141
Improvements other than buildings	697,274	51,316	-	748,590
Machinery and equipment	20,957,695	1,713,854	211,022	22,460,527
Infrastructure	<u>37,590,823</u>	<u>3,346,947</u>	<u>-</u>	<u>40,937,770</u>
Total accumulated depreciation	<u>94,103,756</u>	<u>6,556,294</u>	<u>211,022</u>	<u>100,449,028</u>
Total capital assets, being depreciated, net	<u>103,061,553</u>	<u>3,868,748</u>	<u>18,808</u>	<u>106,911,493</u>
Governmental activities capital assets, net	<u>\$ 124,070,263</u>	<u>\$ 4,140,639</u>	<u>\$ 18,808</u>	<u>\$ 128,192,094</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,735,465	\$ -	\$ -	\$ 2,735,465
Total capital assets not being depreciated	<u>2,735,465</u>	<u>-</u>	<u>-</u>	<u>2,735,465</u>
Capital assets, being depreciated				
Land improvements	2,957,909	-	-	2,957,909
Buildings	10,918,910	6,114	-	10,925,024
Machinery and equipment	6,387,417	228,478	-	6,615,895
Furniture and fixtures	1,061,491	25,663	-	1,087,154
Total capital assets being depreciated	<u>21,325,727</u>	<u>260,255</u>	<u>-</u>	<u>21,585,982</u>
Less accumulated depreciation for:				
Land improvements	445,840	3,012	-	448,852
Buildings	3,325,980	956,056	-	4,282,036
Machinery and equipment	4,548,436	426,734	-	4,975,170
Furniture and fixtures	775,974	69,385	-	845,359
Total accumulated depreciation	<u>9,096,230</u>	<u>1,455,187</u>	<u>-</u>	<u>10,551,417</u>
Total capital assets, being depreciated, net	<u>12,229,497</u>	<u>(1,194,932)</u>	<u>-</u>	<u>11,034,565</u>
Business-type activities capital assets, net	<u>\$ 14,964,962</u>	<u>\$ (1,194,932)</u>	<u>\$ -</u>	<u>\$ 13,770,030</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 455,726
Public safety	1,441,615
Public works	3,776,554
Public welfare and community service	882,399
Total depreciation expense - governmental activities	<u>\$ 6,556,294</u>
Business-type activities:	
Sportsplex	\$ 232,172
Jackson Transit Authority	1,223,015
Total depreciation expense - business-type activities	<u>\$ 1,455,187</u>

## E. Operating Leases

The future minimum lease payments are as follows:

Year Ending June 30	Amount
2015	\$ 26,264
2016	8,357
Total	<u>\$ 34,621</u>

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**F. Note Receivable**

During the year ended June 30, 2006, the City entered into a Joint Development Agreement with a local real estate developer to develop acreage adjacent to the baseball/softball complex under construction. Under the terms of this agreement, the City holds a note receivable in the amount of \$1,000,000, which was initiated to reimburse the City for road construction and improvements in the area around the Sportsplex. The note holds a maturity date of July 1, 2014, and is to be paid at the rate of \$21,250 per acre for each acre that is subsequently developed and sold by the local developer. The balance of this note receivable at June 30, 2014, was \$338,300.

**G. Long-term Debt**

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation debt at June 30, 2014, is comprised of the following bonds and notes payable:

General Obligation Bonds, Series 2009, original issue was \$6,000,000 due in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.00% depending on CUSIP issue	\$ 4,295,000
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General Obligation Refunding Bonds, Series 2009, original issue was \$58,535,000, payable in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.50% depending on CUSIP issue	47,575,000
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General Obligation Capital Outlay Note, Series 2013, original issue will be \$15,300,000, payable in annual installments beginning 2016 through 2027, variable rates of interest ranging from 3.00% to 3.25% depending on CUSIP issue	7,685,800
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General Obligation Refunding Bonds, Series 2011, Original issue was \$10,000,000, payable in annual installments beginning 2015 through 2027, fixed rates of interest ranging from 3.00% to 3.50% depending on CUSIP issue	10,000,000
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Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2014, interest-free	500,000
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Note Payable to Madison County for repayment of mixed drink taxes owed, interest free, payable in annual installments beginning 2015 through 2024	2,774,037
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Note Payable, Department of Housing & Urban Development, original issue was \$3,165,000, payable in annual installments beginning 2012 through 2030, fixed interest rate of 3.56%	2,938,000
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General Obligation Capital Outlay Note Series 2006, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	664,905
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General Obligation Capital Outlay Note Series 2006-A, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	664,394
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General Obligation Capital Outlay Note Series 2014, original issue was \$500,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 5.39% to a low of 2.75% during current year, interest rate of 2.75% at year end	500,000
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General Obligation Capital Outlay Note Series 2006-B, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	153,736
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\$77,750,872

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2014, including interest payments of \$16,612,063 are as follows:

During the year ended June 20, 2009, the City issued \$58,535,000 of general obligation refunding bonds for a current refunding of the City's previously issued 1997 General Refunding and Improvement Bonds, 2001 General Obligation Refunding and Capital Outlay Extension Notes, and the 2004 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$292,229. This amount is being netted against the new debt and amortized over the new debt's life.

During the year ended June 30, 2010, the City issued \$7,120,000 of general obligation refunding bonds for a current refunding of the City's previously issued 2003 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$49,663. This amount is being netted against the new debt and amortized over the new debt's life.

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Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 63,330,164	\$ 7,594,000	\$ 3,979,977	\$ 66,944,187	\$ 4,704,926
Capital outlay notes	3,554,000	-	116,000	3,438,000	171,000
Notes payable	-	2,774,037	-	2,774,037	1,000,000
OPEB liability	238,204	111,025	-	349,229	100,000
Premium on debt issuance	166,830	-	25,414	141,416	25,414
Compensated absences	2,771,897	-	159,345	2,612,552	100,000
	<u>\$ 70,061,095</u>	<u>\$ 10,479,062</u>	<u>\$ 4,280,736</u>	<u>\$ 76,259,421</u>	<u>\$ 6,101,340</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 2,724,836		\$ 113,223	\$ 2,611,613	\$ 218,074
Capital outlay notes	1,981,785	500,000	498,750	1,983,035	548,736
Advance	250,000		18,789	231,211	-
Compensated absences	44,655	-	13,076	31,579	25,000
Accrued closure/postclosure	367,159	-	20,119	347,040	20,119
	<u>\$ 5,368,435</u>	<u>\$ 500,000</u>	<u>\$ 663,957</u>	<u>\$ 5,204,478</u>	<u>\$ 811,929</u>

Within the City's governmental activities, compensated absences are generally liquidated by the general fund.

**NOTE 5 - OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto and bus liability, property, and errors and omissions coverage. The City joined the Tennessee Municipal League Risk Management Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for the above policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risk of employee dishonesty and aviation insurance. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

The City self-insures its employee health, dental and vision insurance program. The City collects insurance premiums from its employees, and pays all claims made along with an administration fee to Blue Cross/Blue Shield of Tennessee, the plan administrator. The City, as a part of the plan, has purchased a reinsurance policy that pays 80% of the claims made by an individual within one year in excess of \$100,000 and less than \$1,000,000.



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At June 30, 2014, the estimated liability for claims incurred but not paid was \$92,764. Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2009-2010	\$ 1,723,767	\$ 4,545,244	\$ 5,322,526	\$ 946,485
2010-2011	946,485	4,382,786	5,928,566	(599,295)
2011-2012	(599,295)	6,683,097	6,668,504	(584,702)
2012-2013	(584,702)	6,793,898	6,578,886	(369,690)
2013-2014	(369,690)	7,155,421	6,692,967	92,764

The City is self-insured regarding workers' compensation insurance. The City's health insurance plan will pay for any medical expenses incurred by the employee if he is a member of the health plan, a group life policy is maintained that pays the beneficiary an amount equal to one year salary and the pension plan through Tennessee Consolidated Retirement System contains some provisions for disability and early retirement. All risks associated with workers' compensation insurance concerning the coverage mentioned above are assumed by the City. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2014, the estimated liability for claims incurred but not paid was (\$49,493).

Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2009-2010	(102,141)	602,141	385,142	114,858
2010-2011	114,858	385,142	402,056	97,944
2011-2012	97,944	402,056	611,398	(111,398)
2012-2013	(111,398)	611,398	596,340	(96,340)
2013-2014	(96,340)	696,340	649,493	(49,493)

No designation of assets has been made by the City to fund future claims liabilities. However, the General Fund balance has been reserved in the amount of \$1,299,546 for possible future claims.

## **B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

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The City has unconditionally guaranteed to Jackson Energy Authority (JEA), and the trustee for the beneficiaries of JEA's telecommunications debt, that the amount on deposit in the Debt Service Reserve Account for the 2009 Term Loan Agreement will at all times equal or exceed the Debt Service Reserve Requirement. The City's guaranty is not to exceed \$60 million. The outstanding balance of the debt at June 30, 2013, is \$54,550,000.

**C. Closure and Post-closure Care Cost**

State and federal laws and regulations require the City to place a final cover on its Red Lane and Highway 70 east landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The liability reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use to date of the estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Closure on the Highway 70 landfill was begun in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. Accrued closure and post-closure care costs at June 30, 2014, are \$347,040.

During the year ended June 30, 2006, the City entered into an agreement with Allied Waste dba Madison County Development, LLC to sell the remaining landfill site to Allied Waste. Based on the terms of the agreement, the City entered into an Interim Landfill Operating Agreement with Allied Waste allowing them to assume all operations of the landfill. Under the terms of the sale, the City entered into a twenty-year fixed fee agreement for waste disposal with Allied Waste. Also, the City was released from any and all postclosure liability relating to the landfill as an additional provision of the sales agreement.

**D. Other Matters**

The Tennessee Department of Transportation constructed an urban interchange on Highway 45 Bypass within the city limits of the City. The cost of this project was approximately \$8 million with the City being responsible for \$6 million of this cost. As a part of this project the City expects to be reimbursed for most of its share of the cost by the property owners adjacent to the new interchange as their property is developed in the future. The timing of these reimbursements is dependent on the development of the land.

**E. Joint Ventures**

The City participates in the following joint ventures with Madison County, Tennessee:

Jackson-Madison County Airport Authority (Authority) administers the operations of the McKellar Sipes Airport. The Board of the Authority consists of five members who are alternatively appointed each year by the City and Madison County. The City provides support to the Authority through an annual appropriation. The City has certain real estate of the Authority in the amount of \$842,337 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Authority and has no ongoing funding obligation for its share of the costs of operations not recovered from the Authority's operating revenues.

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Jackson-Madison County Community Economic Development Commission (Commission) is involved in tourism efforts. The Board of the Commission consists of five members who are alternatively appointed each year by the City and Madison County. Funding for the Commission is provided through a hotel/motel tax levied jointly by the City and Madison County. Twenty percent of the funds collected through the hotel/motel tax are allocated to the Commission pursuant to the provisions of a private act. The City assumes no ongoing financial interest or burden in regards to the Commission.

Jackson-Madison County General Hospital (Hospital) provides health care for the entire West Tennessee area. The five members of the board of the Hospital are alternately appointed each year by the City and Madison County. The City has certain real estate of the Hospital in the amount of \$1,356,888 included in the governmental activities section of the Statement of Net Position. The Hospital has decided to pay a portion of its profits to the City annually. This donation has been designated by the City Council to fund capital expenditures related to tourism. For the fiscal year ended June 30, 2014, the donation was \$200,000.

Jackson-Madison County Library (Library) administers the operations of the local library. The board of the Library consists of five members alternately appointed by the City and Madison County. The City has certain real estate of the Library in the amount of \$412,214 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Library and has no ongoing funding obligation for its share of the costs of operations not recovered from the Library's operating revenues.

Complete financial statements for the above-noted ventures can be obtained from their respective administrative offices at the following addresses:

Jackson-Madison County Airport Authority  
308 Grady Montgomery Drive  
Jackson, Tennessee 38301

Jackson-Madison County Community Economic  
Development Commission  
314 E. Main Street  
Jackson, Tennessee 38301

Jackson-Madison County General Hospital  
708 W. Forest  
Jackson, Tennessee 38301

Jackson-Madison County Library  
433 E. Lafayette  
Jackson, Tennessee 38301

## **F. Retirement Plans**

### **1. City Pension Plans**

Plan Description: The City previously maintained an original pension plan fund and later a second plan called the Employees Retirement System fund. The valuation is based on the arrangement commonly referred to as the City of Jackson Pension Plan. The Pension Plan actually consists of four funds, established by Tennessee State statute. They are Firemen and Policemen Pension and Retirement Fund, Water and Administrative Departments Pension Fund, Health and Sanitation Department Pension Fund, and Street Maintenance Department Pension Fund. The amount of the retirement benefit is 50% of the highest salary earned. The payment will be made monthly for life with 50% continuing to spouse upon participant's death. Benefits are increased annually in accordance with the Consumer Price Index, to a maximum of 5% per year. The adjustment is applied to base benefit only.

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Membership Data: Membership of each plan consisted of the following at July 1, 2014:

Retirees & beneficiaries receiving benefits	42
Active plan members	<u>0</u>
Total	<u>42</u>

Contributions: Employee contributions were 3% of salary.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at July 1, 2014. Additional information as of the latest actuarial valuation follows:

Actuarial Methods, Assumptions and Participant Data: The actuarial cost method used is the projected unit credit, at a discount rate of 4.25% per annum. Prior to July 1, 2009, the discount rate was 4.25% per annum. Compensation increases are no longer applicable and cost of living increases are 2.5% per annum. Mortality rates were determined using the RP-2000 Healthy Annuitant Mortality Table, blended male and female rates. Census data appeared reasonable for valuation purposes although it was not totally complete. When a beneficiary birth date was not available, it was assumed that the male spouse is three years older than the female. When a birth date for neither the retired participant nor beneficiary is available, the participant is assumed to be age 77. The sex of each participant was assigned by reference to the first name; doubtful individuals were assumed to be male.

Annual Pension Cost and Net Pension Obligation

Annual required contribution	
Annual normal cost	\$ 1,090,016
Interest on net pension obligation	117,209
Adjustment to annual required contribution	<u>(289,119)</u>
Annual pension cost	918,106
Employer contributions made	<u>(650,934)</u>
Increase (Decrease) in Net Pension Obligation	267,172
Net Pension Obligation Beginning of Year	<u>2,611,350</u>
Prior period adjustment	<u>2,701,627</u>
Net Pension Obligation End of Year	<u>\$ 5,580,149</u>

The Plan has been financed on a pay-as-you-go basis. Prior to 1996, actuarial determinations of the actuarial required contribution were not made. The contribution to the Plan has equaled the benefit payments from the Plan. As a result, the net pension obligation at transition is equal to \$0 as of July 1, 1996, in accordance with Statement Number 27.

## 2. State Retirement System

Plan Description: Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average

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**NOTES TO FINANCIAL STATEMENTS**  
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salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. The City has authorized Mandatory Retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

**Funding Policy:** The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014, was 19.16% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost:** For the year ending June 30, 2014, the City's annual pension cost of \$6,552,755 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 13 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

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**NOTES TO FINANCIAL STATEMENTS**  
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Trend information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (BOY)
6/30/2014	\$ 6,552,755	100.00%	\$ -
6/30/2013	6,164,494	100.00%	-
6/30/2012	6,454,055	100.00%	-

As of July 1, 2013, the most recent actuarial valuation date, the plan was 83.99% funded. The actuarial accrued liability for benefits was \$160.42 million, and the actuarial value of assets was \$134.73 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$25.69 million. The covered payroll (annual payroll of active employees covered by the plan) was \$31.33 million, and the ratio of the UAAL to the covered payroll was 82.00%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

**G. Other Postemployment Benefits**

In addition to the retirement benefits described in Note F, the City provides postretirement health care benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Employees retiring prior to July 1, 1992, have the same benefits as active employees. There is currently 1 retiree covered under the PPO plan. The City pays 76% of individual medical and hospitalization premiums for 1 pre-Medicare retiree for the PPO plan.

Employees retiring after July 1, 1992, have limited benefits. There are currently 56 retirees under the PPO plan. Under the new PPO plan, the City pays 64% of individual medical and hospitalization premiums for 48 pre-Medicare retirees and 33% of family premiums for 8 pre-Medicare retirees.

Post 65 retirees are covered by a "Medicare carve out" plan that provides similar benefits. The City pays 74% of individual medical and hospitalization premiums for no post 65 retirees with the PPO plan.

Claims in excess of \$100,000 are reinsured. The cost of retiree health care is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2014, these costs are not separable from the costs for active employees.

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**NOTES TO FINANCIAL STATEMENTS**  
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During the year ended June 30, 2009, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*. The following are required disclosures as a result of this adoption:

The City provides post-retirement life insurance benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Currently, a total of 646 retirees of the City and Jackson Transit Authority meet these eligibility requirements. The cost of the retiree's life insurance benefit is recognized as an expenditure and, for the fiscal year ended June 30, 2014, is not separable from the costs for active employees.

**Funding Policy**

The City intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis and to not pre-fund any unfunded annual required contribution as determined under GASB Statement No. 45.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation.

**Components of Net OPEB Obligation**

Annual Required Contribution	\$ 968,200
Interest on Net OPEB Obligation	8,900
Adjustment to Annual Required Contribution	<u>(8,900)</u>
Annual OPEB Cost (Expense)	968,200
Contributions/Expense	<u>(857,175)</u>
Decrease in Net Obligation	111,025
Net OPEB Obligation (BOY)	<u>238,204</u>
Net OPEB (Asset) Obligation (EOY)	<u>\$ 349,229</u>

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 968,200	88.53%	\$ 349,229
6/30/2013	968,200	100.00%	238,204
6/30/2012	777,000	128.76%	238,160
6/30/2011	777,000	108.24%	461,607
6/30/2010	1,094,300	76.53%	525,619
6/30/2009	1,094,300	75.44%	286,803

**Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$11,922,900 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$11,922,900. The covered payroll (annual payroll of active employees covered by the plan) was \$33,132,116 and the ratio of the UAAL to the covered payroll was 36.0% as of the actuarial valuation date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 7.40% initially, reduced by decrements to an ultimate rate of 4.70% after seventy years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2013 was 30 years.



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 6 – SUBSEQUENT EVENTS**

In August 2013 the City voted to issue \$15.3 million in Tennessee Municipal Bond Fund loans. The funds will be used for various capital projects including the construction of a new tennis complex, street paving and repair, the purchase of public safety vehicles, and other capital projects that were started in fiscal year 2014. The second draw on this debt in the amount of \$7,614,200 was drawn down in July 2014.

**NOTE 7 - LITIGATION**

The City is involved in legal proceedings arising in the normal course of business. In the opinion of management, after consulting with counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City as of June 30, 2014.

**NOTE 8 – PRIOR PERIOD ADJUSTMENT**

During the 2013 fiscal year, it came to the attention of the City personnel that the City along with most other municipalities in the State of Tennessee had not been following TCA 57-4-306(a)(2)(A) regarding the split of liquor tax collections from the State with the local school system. The City negotiated a settlement with Madison County Board of Education in the 2014 fiscal year for an amount of \$2,774,037 payable through the 2024 fiscal year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FUNDING PROGRESS – EMPLOYEE RETIREMENT SYSTEM**  
June 30, 2014

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City Pension Plan:						
7/1/2009	\$ 68	\$ 8,484	\$ 8,416	0.80%	N/A	N/A
7/1/2006	62	9,415	9,353	0.66%	50	18706.00%
7/1/2003	58	8,850	8,792	0.66%	48	18316.67%
State Retirement System:						
7/1/2013	134,731	160,422	25,691	83.99%	31,330	82.00%
7/1/2011	121,832	151,887	30,055	80.21%	30,655	98.04%
7/1/2009	101,682	133,250	31,568	76.31%	29,278	107.82%
Other Postemployment Benefits:						
6/29/2013	-	11,923	11,923	0.00%	33,132	36.00%
6/30/2011	-	10,149	10,149	0.00%	34,364	29.53%
6/30/2008	-	12,908	12,908	0.00%	28,677	45.01%

- a. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contributions requirements and in ratios that use the pension benefit obligations as a factor.
- b. Looking at the actuarial accrued liability or the unfunded actuarial accrued liability in isolation can be misleading.
  - (i.) Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the extent to which a plan is funded. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.
  - (ii.) Expressing the unfunded actuarial accrued liability as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of funding progress. Generally, the smaller the unfunded percentage, the stronger the plan.
- c. The Governmental Accounting Standards Board (GASB) requires the State Retirement System plan to prepare the Schedule of Funding Progress using the age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method change was made during the year of the most recent actuarial valuation date; therefore only the most current year is presented.

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
For the Fiscal Year Ended June 30, 2014

	<u>City of Jackson Pension</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 647,784
<b>Deductions:</b>	
Benefits	<u>646,878</u>
Net increase (decrease)	906
<b>Net assets held in trust for pension benefits, July 1</b>	<u>68,256</u>
<b>Net assets held in trust for pension benefits, June 30</b>	<u><u>\$ 69,162</u></u>

*See independent auditor's report.*

**SUPPLEMENTARY and OTHER  
INFORMATION SECTION**

**CITY OF JACKSON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
June 30, 2014

	Special Revenue Funds					Debt Service	
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopment	Totals
<b>Assets</b>							
Cash and cash equivalents	\$ 288,106	\$ 260,337	\$ 56,420	\$ -	\$ -	\$ -	\$ 604,863
Receivables							
Accounts (net of allowance for uncollectible accounts)	-	9,233	-	5,886	-	-	15,119
Grants	-	-	46,213	12,075	-	-	58,288
Court fines (net of allowance for uncollectible accounts)	15,825	16,796	-	-	-	-	32,621
Due from other funds	-	-	-	24,535	-	-	24,535
<b>Total assets</b>	<b>\$ 303,931</b>	<b>\$ 286,366</b>	<b>\$ 102,633</b>	<b>\$ 42,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 735,426</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 3,708	\$ 56,639	\$ 21,499	\$ 4,369	\$ -	\$ -	\$ 86,215
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	962	24,535	-	-	-	25,497
<b>Total liabilities</b>	<b>3,708</b>	<b>57,601</b>	<b>46,034</b>	<b>4,369</b>	<b>-</b>	<b>-</b>	<b>111,712</b>
<b>Deferred inflows:</b>							
Unavailable intergovernmental revenue	15,035	16,796	-	-	-	-	31,831
<b>Restricted</b>	<b>285,188</b>	<b>211,969</b>	<b>56,599</b>	<b>38,127</b>	<b>-</b>	<b>-</b>	<b>591,883</b>
<b>Total fund balances</b>	<b>285,188</b>	<b>211,969</b>	<b>56,599</b>	<b>38,127</b>	<b>-</b>	<b>-</b>	<b>591,883</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 303,931</b>	<b>\$ 286,366</b>	<b>\$ 102,633</b>	<b>\$ 42,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 735,426</b>

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds					Debt Service	
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopment	Totals
<b>Revenues</b>							
Fines, interest and penalties	\$ 57,262	\$ 36,876	\$ -	\$ -	\$ -	\$ -	\$ 94,138
Use of money and property	203	275	-	-	-	-	478
Intergovernmental	-	1,388	599,392	420,003	147,577	-	1,168,360
Sales and service charges	66,600	128,865	-	-	-	-	195,465
Other	-	-	142	30,083	-	-	30,225
Total revenues	<u>124,065</u>	<u>167,404</u>	<u>599,534</u>	<u>450,086</u>	<u>147,577</u>	<u>-</u>	<u>1,488,666</u>
<b>Expenditures</b>							
Current:							
Public safety	29,496	140,465	-	-	-	-	169,961
Public welfare and community services	-	-	423,828	450,086	147,577	-	1,021,491
Capital outlay							
Public safety	850	101,380	-	-	-	-	102,230
Debt service:							
Principal	-	-	-	-	-	116,000	116,000
Interest	-	-	-	-	-	110,226	110,226
Total expenditures	<u>30,346</u>	<u>241,845</u>	<u>423,828</u>	<u>450,086</u>	<u>147,577</u>	<u>226,226</u>	<u>1,519,908</u>
Excess (deficiency) of revenues over (under) expenditures	93,719	(74,441)	175,706	-	-	(226,226)	(31,242)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	50,520	-	-	226,226	276,746
Transfers out	-	-	(226,226)	-	-	-	(226,226)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(175,706)</u>	<u>-</u>	<u>-</u>	<u>226,226</u>	<u>50,520</u>
Net changes in fund balances	93,719	(74,441)	-	-	-	-	19,278
Fund balances - beginning	<u>191,469</u>	<u>286,410</u>	<u>56,599</u>	<u>38,127</u>	<u>-</u>	<u>-</u>	<u>572,605</u>
Fund balances - ending	<u>\$ 285,188</u>	<u>\$ 211,969</u>	<u>\$ 56,599</u>	<u>\$ 38,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,883</u>

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE**  
**POLICE DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Fines, interest and penalties:				
Fines, forfeits and penalties	\$40,000	\$40,000	\$ 57,262	\$ 17,262
Use of money and property:				
Interest earned	100	100	203	103
Sales and service charges:				
Seized assets/unclaimed evidence	<u>25,000</u>	<u>25,000</u>	<u>66,600</u>	<u>41,600</u>
Total revenues	<u>65,100</u>	<u>65,100</u>	<u>124,065</u>	<u>58,965</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Advertising	-	-	1,000	(1,000)
Utilities	3,500	3,500	7,877	(4,377)
Special investigative funds	30,000	30,000	20,200	9,800
Court clerk fees	-	-	419	(419)
Capital outlay	<u>-</u>	<u>-</u>	<u>850</u>	<u>(850)</u>
Total expenditures	<u>33,500</u>	<u>33,500</u>	<u>30,346</u>	<u>3,154</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>\$31,600</b></u>	<u><b>\$31,600</b></u>	<u><b>93,719</b></u>	<u><b>\$ 62,119</b></u>
Fund balance - beginning			<u>191,469</u>	
Fund balance - ending			<u><b>\$ 285,188</b></u>	

*See independent auditor's report.*



**CITY OF JACKSON, TENNESSEE**  
**METRO DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 75,000	\$ 75,000	\$ 36,876	\$ (38,124)
Use of money and property:				
Interest earned	-	-	275	275
Intergovernmental:				
Federal sharing	50,500	50,500	1,388	(49,112)
Sales and service charges:				
Controlled substance tax	5,000	5,000	4,965	(35)
Seizures	150,000	150,000	123,900	(26,100)
Total revenues	<u>280,500</u>	<u>280,500</u>	<u>167,404</u>	<u>(113,096)</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Telephone	20,000	20,000	23,587	(3,587)
Vehicle tow-in/storage	1,000	1,000	2,318	(1,318)
Subscriptions and dues	3,000	3,000	1,535	1,465
Computer/IS services	-	-	9,600	(9,600)
Travel and training	30,000	30,000	17,397	12,603
Office supplies	12,500	12,500	12,555	(55)
Operating expenditures	24,000	24,000	21,225	2,775
Canine expenditures	12,500	12,500	3,749	8,751
Rent	15,000	15,000	5,474	9,526
Court clerk fees	4,000	4,000	1,610	2,390
Special investigative funds	40,000	40,000	19,154	20,846
Federal sharing expense	50,500	50,500	66	50,434
Utilities	6,000	6,000	16,138	(10,138)
Uniforms and clothing	8,000	8,000	6,057	1,943
Capital outlay	100,500	100,500	101,380	(880)
Total expenditures	<u>327,000</u>	<u>327,000</u>	<u>241,845</u>	<u>85,155</u>
<b>Excess (deficiency) of</b>				
<b>    revenues over (under) expenditures</b>	<b><u>\$ (46,500)</u></b>	<b><u>\$ (46,500)</u></b>	<b><u>(74,441)</u></b>	<b><u>\$ (27,941)</u></b>
Fund balance - beginning			<u>286,410</u>	
Fund balance - ending			<u>\$ 211,969</u>	

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE**  
**GRANT FUND #1 - CDBG**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Intergovernmental:				
Block Grant - CDBG	\$ 640,784	\$ 640,784	\$ 584,062	\$ (56,722)
Program income	-	-	15,330	15,330
Other income	-	-	142	142
Total revenues	<u>640,784</u>	<u>640,784</u>	<u>599,534</u>	<u>(41,250)</u>
<b>Expenditures</b>				
Current				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	640,784	640,784	99,338	541,446
Employee benefits	-	-	15,766	(15,766)
Travel and training	-	-	820	(820)
Dues and subscriptions	-	-	767	(767)
Telephone	-	-	674	(674)
Office supplies	-	-	1,241	(1,241)
Postage	-	-	62	(62)
Advertising	-	-	879	(879)
Computer	-	-	1,577	(1,577)
Freight	-	-	196	(196)
Miscellaneous	-	-	941	(941)
Repairs and maintenance	-	-	7,158	(7,158)
Insurance	-	-	4,033	(4,033)
	<u>640,784</u>	<u>640,784</u>	<u>133,452</u>	<u>507,332</u>
Program				
Housing	-	-	104,287	(104,287)
Public services	-	-	1,335	(1,335)
Community facilities and public improvements	-	-	184,754	(184,754)
	<u>-</u>	<u>-</u>	<u>290,376</u>	<u>(290,376)</u>
Total expenditures	<u>640,784</u>	<u>640,784</u>	<u>423,828</u>	<u>216,956</u>
<b>Excess (deficiency) of</b>				
<b>    revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<b>175,706</b>	<b>175,706</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	50,520	50,520
Transfers out	-	-	(226,226)	(226,226)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(175,706)</u>	<u>(175,706)</u>
 Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 Fund balance - beginning			<u>56,599</u>	
 Fund balance - ending			<u>\$ 56,599</u>	

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE**  
**GRANT FUND #2 - HOME**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
HOME Grant	\$ 468,745	\$ 468,745	\$ 420,003	\$ (48,742)
Program income	-	-	30,083	30,083
Total revenues	<u>468,745</u>	<u>468,745</u>	<u>450,086</u>	<u>(18,659)</u>
<b>Expenditures</b>				
Current				
Public Welfare and Community Services				
Administration:				
Salaries	468,745	468,745	33,565	435,180
Employee benefits	-	-	5,224	(5,224)
Travel	-	-	2,686	(2,686)
Advertising	-	-	83	(83)
Insurance	-	-	908	(908)
	<u>468,745</u>	<u>468,745</u>	<u>42,466</u>	<u>426,279</u>
Program				
Housing	-	-	372,979	(372,979)
Neighborhood revitalization	-	-	34,641	(34,641)
	<u>-</u>	<u>-</u>	<u>407,620</u>	<u>(407,620)</u>
Total expenditures	<u>468,745</u>	<u>468,745</u>	<u>450,086</u>	<u>18,659</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>38,127</u>	
Fund balance - ending			<u>\$ 38,127</u>	

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**GRANT FUND #3 - ESGP**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Revenues</b>				
Intergovernmental				
State DHS Grant	<u>\$ 185,912</u>	<u>\$ 185,912</u>	<u>\$ 147,577</u>	<u>\$ (38,335)</u>
Total revenues	<u>185,912</u>	<u>185,912</u>	<u>147,577</u>	<u>(38,335)</u>
<b>Expenditures</b>				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	-	-	5,619	(5,619)
Employee benefits	-	-	2,599	(2,599)
Insurance	-	-	148	(148)
	<u>-</u>	<u>-</u>	<u>8,366</u>	<u>(8,366)</u>
Program:				
Public services	<u>185,912</u>	<u>185,912</u>	<u>139,211</u>	<u>46,701</u>
Total expenditures	<u>185,912</u>	<u>185,912</u>	<u>147,577</u>	<u>38,335</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>-</b></u>	<u><b>\$ -</b></u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u><u>\$ -</u></u>	

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**COMMUNITY REDEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Expenditures:</b>				
Principal payments	116,000	116,000	116,000	-
Interest expense	110,226	110,226	110,226	-
<b>Total expenditures</b>	<u>226,226</u>	<u>226,226</u>	<u>226,226</u>	<u>-</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	 <u>(226,226)</u>	 <u>(226,226)</u>	 <u>(226,226)</u>	 <u>-</u>
 <b>Other financing sources (uses)</b>				
Transfer from other funds	226,226	226,226	226,226	-
<b>Total other financing sources (uses)</b>	<u>226,226</u>	<u>226,226</u>	<u>226,226</u>	<u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>-</u>	 <u>\$ -</u>
 <b>Fund balance - beginning</b>			 <u>-</u>	
 <b>Fund balance - ending</b>			 <u>\$ -</u>	

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

Revenues	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Taxes:				
Property tax apportionments	\$ 6,360,962	\$ 6,360,962	\$ 6,183,170	\$ (177,792)
Tax equivalent apportionments	902,619	902,619	967,716	65,097
Total taxes	<u>7,263,581</u>	<u>7,263,581</u>	<u>7,150,886</u>	<u>(112,695)</u>
Use of money & property:				
Interest income	<u>-</u>	<u>-</u>	<u>5,341</u>	<u>5,341</u>
Intergovernmental				
Madison County				
Local option sales tax - Pringles Park	45,000	45,000	36,864	(8,136)
State of Tennessee:				
Sales tax - Pringles Park	<u>80,000</u>	<u>80,000</u>	<u>66,437</u>	<u>(13,563)</u>
Total intergovernmental	<u>125,000</u>	<u>125,000</u>	<u>103,301</u>	<u>(21,699)</u>
Total revenues	<u>7,388,581</u>	<u>7,388,581</u>	<u>7,259,528</u>	<u>(129,053)</u>
<b>Expenditures</b>				
Principal	4,185,000	4,185,000	4,071,777	113,223
Interest	2,784,105	2,784,105	2,513,135	270,970
Other expenditures	-	-	369	(369)
Debt issuance costs	<u>-</u>	<u>-</u>	<u>4,247</u>	<u>(4,247)</u>
Total expenditures	<u>6,969,105</u>	<u>6,969,105</u>	<u>6,589,528</u>	<u>379,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>419,476</u>	<u>419,476</u>	<u>670,000</u>	<u>250,524</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of bonds	15,220,000	15,220,000	7,594,000	7,626,000
Transfers to other funds	<u>(15,345,000)</u>	<u>(15,345,000)</u>	<u>(7,594,000)</u>	<u>(7,751,000)</u>
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>
<b>Net changes in fund balance</b>	<u><b>\$ 294,476</b></u>	<u><b>\$ 294,476</b></u>	<u><b>670,000</b></u>	<u><b>\$ 375,524</b></u>
Fund balance - beginning			<u>1,448,764</u>	
Fund balance - ending			<u><b>\$ 2,118,764</b></u>	

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE**  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ 1,370	\$ 1,370
Total use of money and property	-	-	1,370	1,370
Intergovernmental:				
Transportation enhancement grants	2,130,729	2,130,729	539,042	(1,591,687)
Total intergovernmental	2,130,729	2,130,729	539,042	(1,591,687)
Total revenues	2,130,729	2,130,729	540,412	(1,590,317)
<b>Expenditures</b>				
General government:				
City council	6,629	6,629	6,719	(90)
Building department	43,000	43,000	40,041	2,959
Farmer's Market	2,778	98,164	91,022	7,142
Information Systems	146,000	146,000	146,000	-
Municipal building (Main/Liberty)	22,891	36,641	37,481	(840)
Total general government	221,298	330,434	321,263	9,171
Public safety:				
Police administration	59,371	136,644	150,540	(13,896)
Support services	1,149,000	1,249,513	1,206,148	43,365
Central dispatch	733,600	733,600	17,384	716,216
Fire Dept buildings/operations	724,200	724,200	732,933	(8,733)
Total public safety	\$ 2,666,171	\$ 2,843,957	\$ 2,107,005	\$ 736,952
Public works:				
Street resurfacing	10,520,811	10,520,811	4,485,648	6,035,163
Street maintenance	223,968	223,968	223,968	-
Traffic sign department	26,500	26,500	26,518	(18)
Traffic signalization	210,000	210,000	176,336	33,664
Demolition / soil erosion	325,000	325,000	348,222	(23,222)
Engineering department	10,000	10,000	9,867	133
Total public works	11,316,279	11,316,279	5,270,559	6,045,720

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2014

Expenditures	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Public welfare and community services:				
Groundskeeping	71,000	71,000	69,918	1,082
T. R. White Sportsplex	6,686	6,686	6,673	13
Fairgrounds	18,000	18,000	7,988	10,012
Civic Center	-	33,926	32,509	1,417
Ned Center	7,200	7,200	6,331	869
Pringles Park	-	274,192	261,060	13,132
Depot	1,340	1,340	1,223	117
Forest Hills Park	-	154,500	45,429	109,071
South Jackson Community Center	3,600	3,600	5,563	(1,963)
City of Jackson Tennis Complex	-	2,246,827	318,887	1,927,940
Recreation	1,508,000	8,000	6,444	1,556
City of Jackson Soccer Complex	-	50,000	53,400	(3,400)
Wallace Road Park	-	20,000	6,146	13,854
Total public welfare and community services	<u>\$ 1,615,826</u>	<u>\$ 2,895,271</u>	<u>\$ 821,571</u>	<u>\$ 2,073,700</u>
Other:				
Jackson-Madison County Public Library	48,527	61,277	59,336	1,941
Emergency Management	14,000	14,000	7,473	6,527
Airport Authority	31,875	31,875	32,000	(125)
Auction expense	-	-	12,051	(12,051)
Total other	<u>94,402</u>	<u>107,152</u>	<u>110,860</u>	<u>(3,708)</u>
Total expenditures	<u>15,913,976</u>	<u>17,493,093</u>	<u>8,631,258</u>	<u>8,861,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,783,247)</u>	<u>(15,362,364)</u>	<u>(8,090,846)</u>	<u>7,271,518</u>
Other financing sources (uses)				
Transfer to Jackson Transit Authority	(160,796)	(160,796)	(159,781)	1,015
Transfer from other funds	<u>15,220,000</u>	<u>16,410,032</u>	<u>8,913,147</u>	<u>(7,496,885)</u>
Total other financing sources (uses)	<u>15,059,204</u>	<u>16,249,236</u>	<u>8,753,366</u>	<u>(7,495,870)</u>
Net changes in fund balances	<u>\$ 1,275,957</u>	<u>\$ 886,872</u>	<u>662,520</u>	<u>\$ (224,352)</u>
Fund balance - beginning			<u>1,949</u>	
Fund balance - ending			<u>\$ 664,469</u>	

See independent auditor's report.



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF INVESTMENTS**  
June 30, 2014

	Interest Rate	Yield	Maturity Date	Face Amount	Carrying Amount/ Market Value
<b>Governmental funds</b>					
General Fund:					
Government Agency Bonds	Varies	Varies	Varies	1	1
Certificates of Deposit	Varies	Varies	Varies	6,412,865	6,412,865
<b>Fiduciary fund types</b>					
Deferred Compensation Expendable Trust Fund					<u>16,061,577</u>
					<u>\$ 22,474,443</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT**  
June 30, 2014

	General Obligation Bonds Series 2009		General Obligation Refunding Bonds Series 2009 (2)		General Obligation Capital Outlay Note, Series 2013 (1)		General Obligation Refunding Bonds Series 2011		Housing & Urban Development Section 108 Loan		Mixed Drink Repayment Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	365,000	161,475	4,000,000	1,896,050	-	62,255	558,000	334,402	121,000	102,422	1,000,000	-
2016	375,000	150,525	4,160,000	1,736,050	465,000	62,255	577,000	314,880	126,000	98,023	197,115	-
2017	390,000	139,275	4,295,000	1,600,850	470,000	58,488	597,000	294,688	131,000	93,712	197,115	-
2018	405,000	126,600	4,445,000	1,450,525	480,000	54,681	618,000	273,790	137,000	88,677	197,115	-
2019	420,000	110,400	4,605,000	1,292,169	490,000	50,793	639,000	252,169	143,000	83,693	197,115	-
2020	435,000	93,600	4,780,000	1,112,844	495,000	46,824	661,000	229,809	149,000	78,494	197,115	-
2021	450,000	76,200	4,995,000	897,744	500,000	42,815	684,000	206,675	156,000	73,272	197,115	-
2022	465,000	58,200	5,220,000	672,969	510,000	38,765	707,000	182,750	162,000	67,403	197,115	-
2023	485,000	39,600	5,430,000	464,169	520,000	34,634	731,000	158,016	169,000	61,510	197,115	-
2024	505,000	20,200	5,645,000	246,968	1,060,000	30,422	757,000	132,423	176,000	55,368	197,117	-
2025	-	-	-	-	1,080,000	21,836	783,000	105,935	184,000	49,102	-	-
2026	-	-	-	-	1,095,000	13,088	810,000	78,535	192,000	42,264	-	-
2027	-	-	-	-	520,800	4,218	1,878,000	32,302	200,000	35,286	-	-
2028	-	-	-	-	-	-	-	-	209,000	28,004	-	-
2029	-	-	-	-	-	-	-	-	218,000	20,469	-	-
2030	-	-	-	-	-	-	-	-	227,000	12,480	-	-
2031	-	-	-	-	-	-	-	-	238,000	4,202	-	-
	\$ 4,295,000	\$ 976,075	\$ 47,575,000	\$ 11,370,338	\$ 7,685,800	\$ 521,074	\$ 10,000,000	\$ 2,596,374	\$ 2,938,000	\$ 994,381	\$ 2,774,037	\$ -

Notes Payable

	General Obligation Capital Outlay Note, Series 2006 ** (1)		General Obligation Capital Outlay Note, Series 2006-A ** (1)		General Obligation Capital Outlay Note, Series 2006-B ** (1)		General Obligation Capital Outlay Note, Series 2014 ** (1)		Jackson-Madison County General Hospital District		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	166,250	18,004	166,250	17,954	153,736	3,124	62,500	13,752	50,000	-	6,642,736	2,609,438	9,252,174
2016	166,250	13,424	166,250	13,375	-	-	62,500	12,036	50,000	-	6,345,115	2,400,568	8,745,683
2017	166,250	8,845	166,250	8,795	-	-	62,500	10,308	50,000	-	6,525,115	2,214,961	8,740,076
2018	166,155	4,241	165,644	4,187	-	-	62,500	8,592	50,000	-	6,726,414	2,011,293	8,737,707
2019	-	-	-	-	-	-	62,500	6,876	50,000	-	6,606,615	1,796,100	8,402,715
2020	-	-	-	-	-	-	62,500	5,160	50,000	-	6,829,615	1,566,731	8,396,346
2021	-	-	-	-	-	-	62,500	3,432	50,000	-	7,094,615	1,300,138	8,394,753
2022	-	-	-	-	-	-	62,500	1,716	50,000	-	7,373,615	1,021,803	8,395,418
2023	-	-	-	-	-	-	-	-	50,000	-	7,582,115	757,929	8,340,044
2024	-	-	-	-	-	-	-	-	50,000	-	8,390,117	485,381	8,875,498
2025	-	-	-	-	-	-	-	-	-	-	2,047,000	176,873	2,223,873
2026	-	-	-	-	-	-	-	-	-	-	2,097,000	133,887	2,230,887
2027	-	-	-	-	-	-	-	-	-	-	2,598,800	71,806	2,670,606
2028	-	-	-	-	-	-	-	-	-	-	209,000	28,004	237,004
2029	-	-	-	-	-	-	-	-	-	-	218,000	20,469	238,469
2030	-	-	-	-	-	-	-	-	-	-	227,000	12,480	239,480
2031	-	-	-	-	-	-	-	-	-	-	238,000	4,202	242,202
	\$ 664,905	\$ 44,514	\$ 664,394	\$ 44,311	\$ 153,736	\$ 3,124	\$ 500,000	\$ 61,872	\$ 500,000	\$ -	\$ 77,750,872	\$ 16,612,063	\$ 94,362,935

(1) Notes have variable interest rates. The interest requirements are estimated, not exact.

(2) A portion of this debt is held by the Sportsplex Fund (\$2,611,613 at June 30, 2014).

\*\* Obligations of the Sportsplex Fund, an Enterprise fund of the City.

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
For the Fiscal Year Ended June 30, 2014

<u>Year of Levy</u>	<u>Balance 7/1/13</u>	<u>Taxes Levied</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Balance 6/30/14</u>
2013	\$ -	\$ 29,392,172	\$ 452,143	\$ 28,671,121	\$ 1,173,194
2012	1,350,975	-	108,899	749,135	710,739
2011	931,348	-	(94,704)	328,440	508,204
2010	443,631	-	(3,208)	86,905	353,518
2009	168,157	-	(571)	23,376	144,210
2008	123,287	-	(1,431)	11,892	109,964
2007	85,402	-	42	7,440	78,004
2006	96,014	-	(46)	3,559	92,409
2005	303,601	-	(3,962)	2,249	297,390
2004	75,478	-	(44)	387	75,047
2003	118,893	-	(132)	1,390	117,371
2002	92,819	-	(90,901)	1,790	128
	<u>\$ 3,789,605</u>	<u>\$ 29,392,172</u>	<u>\$ 366,085</u>	<u>\$ 29,887,684</u>	<u>\$ 3,660,178</u>

Property taxes receivable allocated as follows:

	<u>General Fund</u>	<u>Debt Services</u>	<u>Total</u>
Considered current receivable	\$ 143,095	\$ 37,580	\$ 180,675
Allowance for uncollectibles	1,049,400	276,569	1,325,969
Deferred revenues	<u>1,704,353</u>	<u>449,181</u>	<u>2,153,534</u>
	2,896,848	763,330	3,660,178
Estimated 2014 tax levy due			
October 1, 2014 considered as deferred revenue	<u>23,864,778</u>	<u>6,187,391</u>	<u>30,052,169</u>
Total taxes receivable	<u>\$ 26,761,626</u>	<u>\$ 6,950,721</u>	<u>\$ 33,712,347</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED**  
June 30, 2014

The following uncollected delinquent property taxes are filed for collection in Chancery Court of Madison County:

<u>Year of Levy</u>	<u>Amount</u>
2012	\$ 710,739
2011	508,204
2010	353,518
2009	144,210
2008	109,964
2007	78,004
2006	92,409
2005	297,390
2004	75,047
2003	117,371
	<u>\$ 2,486,856</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF TAX RATES AND ASSESSMENTS**  
 Last Ten Fiscal Years

<u>Year of Levy</u>	<u>Tax Rate*</u>	<u>Assessed Valuation</u>
2013	1.97	\$ 1,491,410,582
2012	1.97	1,481,409,921
2011	1.97	1,415,711,213
2010	2.10	1,222,380,177
2009	2.10	1,254,178,318
2008	2.10	1,222,320,600
2007	2.10	1,190,522,429
2006	2.10	1,165,945,283
2005	2.10	1,151,348,469
2004	2.22	1,026,628,559

\*Per \$100 of assessed valuation.

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2014

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Agricultural Marketing Service:			
Farmers' Market and Local Food Promotion Program	12-25-G-1633	10.168	\$ <u>4,754</u>
Food and Nutrition Services:			
Passed through Tennessee Department of Human Services:			
Child and Adult Care Food Program (2014)	03-47-30026	10.558	<u>2,110</u>
<u>Total U.S. Department of Agriculture</u>			<u>6,864</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Office of Community Planning and Development:			
Community Development Block Grants	B12MC470011	14.218	202,358
Community Development Block Grants	B13MC470011	14.218	91,328
Amounts provided to subreipients			<u>290,376</u>
			<u>584,062</u>
Passed through the Tennessee Department of Economic and Community Development			
Community Development Block Grant-Disaster Recovery	33004-88713	14.228*	223,680
Amounts provided to subreipients			<u>1,376,723</u>
			<u>1,600,403</u>
Passed through Tennessee Housing Development Agency:			
Emergency Solutions Grants Program	ESG-12-14	14.231	8,366
Amounts provided to subreipients			<u>139,211</u>
			<u>147,577</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2014

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (Cont.)			
Office of Community Planning and Development:			
HOME Investment Partnerships Program	M11MC470207	14.239	\$ 6,977
HOME Investment Partnerships Program	M12MC470207	14.239	5,406
Amounts provided to subreipients			<u>407,620</u>
			<u>420,003</u>
 <u>Total U.S. Department of Housing &amp; Urban Development</u>			 <u>2,752,045</u>
 U.S. DEPARTMENT OF JUSTICE			
Violence Against Women Office:			
Passed through the Tennessee Department of Finance and Administration,			
Office of Criminal Justice Programs:			
Violence Against Women Formula Grants (STOP)	14681	16.588	<u>104,999</u>
 Office of Community Oriented Policing Services:			
ARRA - Public Safety Partnership and Community Policing	2009-RK-WX-0809	16.710	<u>51,746</u>
 Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-0775	16.738	79
Edward Byrne Memorial Justice Assistance Grant Program	2011-DJ-BX-2974	16.738	2,352
Edward Byrne Memorial Justice Assistance Grant Program	2012-DJ-BX-0084	16.738	7,743
Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0429	16.738	<u>24,591</u>
			<u>34,765</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2014

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE (Cont.)			
Bureau of Justice Assistance:			
Passed through the Tennessee Department of Finance and Administration,			
Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)	23048	16.738	\$ <u>86,601</u>
			<u>121,366</u>
<u>Total U.S. Department of Justice</u>			<u>278,111</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration:			
Passed through the Tennessee Department of Transportation:			
Highway Planning and Construction Highland	CPD119201	20.205*	5,454
Highway Planning and Construction Expanded Urbanized Area	GG-13-35406	20.205*	49,833
Highway Planning and Construction	CPD100288	20.205*	350,647
Highway Planning and Construction FE Wright	57-LPLM-F3-017	20.205*	198,227
Highway Planning and Construction 14/15	214MPO005	20.205*	126,816
Highway Planning and Construction	CPD070177	20.205*	2,628
Highway Planning and Construction MPO/PL	GG-12-37133-00	20.205*	<u>27,212</u>
			<u>760,817</u>
Passed through Tennessee Department of Environment & Conservation			
Recreational Trails Program, Liberty Garden	GG-1135451	20.219*	<u>48,700</u>
			<u>809,517</u>

*See independent auditor's report.*



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2014

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION (Cont.)			
Federal Transit Administration:			
Passed through the Tennessee Department of Transportation:			
Metropolitan Transportation Planning	40100-06013	20.505	\$ -
Amounts provided to subreipients			<u>17,989</u>
			<u>17,989</u>
National Highway Traffic Safety Administration:			
Passed through the Tennessee Department of Transportation:			
Alcohol Open Container Requirements ACT	Z-14-GHS-174	20.607	31,254
Alcohol Open Container Requirements ACT	Z-13-GHS-156	20.607	<u>8,575</u>
			<u>39,829</u>
<u>Total U.S. Department of Transportation</u>			<u>867,335</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Tennessee Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	31101-0000002715	97.036	<u>224,887</u>
<u>Total U.S. Department of Homeland Security</u>			<u>224,887</u>
<b><u>Total Expenditures of Federal Awards</u></b>			<b><u>\$ 4,129,242</u></b>

\* Denotes a major program

All expenditures reported are under the modified accrual basis of accounting whereby revenues are recorded when measurable and available and expenditures are recorded when the liability is incurred.

Grants of the Jackson Transit Authority other than the one being passed through the City of Jackson are not included in this schedule due to the fact that they are included in a separately issued report audited by other auditors as noted in the independent auditors' report.

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended June 30, 2014

Source/Grant Name	State Grant Number	Expenditures
TENNESSEE DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction Highland	CPD119201	\$ 1,363
Highway Planning and Construction	CPD070177	657
FTA 5303	4100-0613	-
Amounts provided to subreipients		<u>2,249</u>
		<u>4,269</u>
TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES		
Drug Court	37733	<u>69,950</u>
TENNESSEE EMERGENCY MANAGEMENT AGENCY		
Public Assistance	34101-000002715	<u>22,621</u>
TENNESSEE DEPARTMENT OF AGRICULTURE		
Tree Planting	36943	<u>8,765</u>
TENNESSEE RECREATION AND PARKS ASSOCIATION		
Community Garden	010	<u>1,988</u>
TENNESSEE ARTS COMMISSION		
Arts Program Categorical Grants - Blind Boys from Alabama	31625-22902	5,000
Arts Program Categorical Grants - Robin Spielberg Concert		<u>1,671</u>
		<u>6,671</u>
<b><u>Total State Financial Assistance</u></b>		<b><u>\$ 114,264</u></b>

*See independent auditor's report.*

**HISTORICAL AND OTHER  
MISCELLANEOUS INFORMATION**

**UNAUDITED**

**CITY OF JACKSON, TENNESSEE**  
**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works(1)</u>	<u>Public Welfare</u>	<u>Debt Service(2)</u>	<u>Capital Projects</u>	<u>Total</u>
2005	\$ 28,419	\$ 20,051	\$ 12,648	\$ 7,079	\$ 5,949	\$ 13,099	\$ 87,245
2006	30,266	20,889	10,605	6,893	6,326	10,682	85,661
2007	28,862	22,128	13,702	7,233	10,539	5,936	88,400
2008	22,854	23,220	14,932	7,804	9,892	6,945	85,647
2009	9,926	31,386	16,182	8,507	1,986	2,801	70,788
2010	9,977	31,576	17,036	8,448	6,260	5,573	78,870
2011	11,739	32,976	10,930	8,109	6,239	7,219	77,212
2012	15,206	33,693	7,059	864	6,360	9,320	80,503
2013	11,722	35,688	20,251	8,638	6,872	261	83,432
2014	14,155	38,460	23,101	9,125	6,816	315	91,972

(1) Years ended June 30, 1998, and after include sanitation billing which was transferred from the enterprise fund to a special revenue fund on July 1, 1997.

(2) Excludes debt refundings

UNAUDITED

**CITY OF JACKSON, TENNESSEE**  
**GENERAL GOVERNMENT REVENUES BY SOURCE**  
 Last Seven Fiscal Years  
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines, Interest &amp; Penalties</u>	<u>Use of Money and Property</u>	<u>Intergov- ernmental</u>	<u>Sales and Service Charges</u>	<u>Other</u>	<u>Total</u>
2008	\$ 30,909	\$ 4,121	\$ 1,772	\$ 2,797	\$ 22,676	\$ 10,643	\$ 2,831	\$ 75,749
2009	32,014	4,156	1,815	2,451	22,418	11,028	2,462	76,344
2010	33,395	4,175	2,375	1,986	22,833	11,147	2,749	78,660
2011	33,862	4,497	2,056	1,563	27,302	11,101	1,351	81,732
2012	34,315	4,478	1,739	1,540	24,831	11,268	1,924	80,094
2013	35,733	4,950	1,412	1,317	23,343	13,671	2,003	82,429
2014	36,651	4,421	1,308	1,112	24,616	13,245	1,825	83,177

**CITY OF JACKSON, TENNESSEE**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT**  
**TO GENERAL GOVERNMENTAL EXPENDITURES (1)**

Last Ten Fiscal Years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Principal(2)</u>	<u>Interest(3)</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures(4)</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2005	\$ 3,559	\$ 2,391	\$ 5,950	\$ 74,146	8.0%
2006	3,443	2,883	6,326	74,979	8.4%
2007	7,331	3,208	10,539	82,464	12.8%
2008	7,310	2,582	9,892	78,703	12.6%
2009	301	1,685	1,986	67,986	2.9%
2010	3,726	2,534	6,260	73,297	8.5%
2011	3,747	2,492	6,239	69,993	8.9%
2012	3,885	2,475	6,360	71,183	8.9%
2013	4,204	2,668	6,873	67,747	10.1%
2014	4,192	2,623	6,816	91,657	7.4%

(1) Excludes debt reported in enterprise funds

(2) Excludes debt refundings

(3) Excludes bond issuance and other costs

(4) Excludes capital projects expenditures

UNAUDITED

## **CITY OF JACKSON, TENNESSEE**

### **GENERAL DESCRIPTION**

The City of Jackson, Tennessee (the City), the county seat of Madison County, was founded in 1822. Located approximately 85 miles northeast of Memphis and 120 miles southwest of Nashville, the City is the largest city in rural West Tennessee. Jackson encompasses a land area of approximately 49 square miles and serves as West Tennessee's economic, cultural and healthcare center. The population is approximately 62,000.

#### **Government**

The City operates under a Mayor and Council form of government. The Mayor, elected to four-year terms directly by the voters, is the Chief Administrative Officer of the City and serves as the presiding officer of the City Council. The City Council is comprised of nine members elected to four-year terms by district.

The City provides a wide range of services to its citizens including police and fire protection, solid waste disposal, public transportation, recreation, libraries and public meeting facilities. Currently, there are approximately 650 regular full-time employees. The Jackson Energy Authority provides water, sewer, gas and electrical utilities, and telecommunications. The Authority is governed by a Board of Directors appointed by the City.

#### **Economy**

The City enjoys a diverse economy based on retail trade, manufacturing, agriculture and service-related businesses. The unemployment rate is consistently below the state average; however, the 2011/2012 levels are an anomaly. Major corporations currently operating manufacturing or distribution facilities in the City include Proctor & Gamble, Carlisle Transportation Products, TBDN, Pinnacle Foods, Stanley Black and Decker, and Delta Faucet. Retail sales in the City were \$1.9 billion in 2010.

#### **Transportation**

Major highway transportation is provided by U.S. Interstate 40, three federal highways and two state highways. Railroad transportation is provided by CSX and West Tennessee Railroad. The City jointly owns and operates McKellar-Sipes Regional Airport with Madison County. The airport has a 6,000 foot runway and provides general aviation and charter services. Pacific Wings, a Hawaii based airline, offers three round-trips on Monday through Friday and two on Saturday and Sunday to Nashville with two flights continuing to Atlanta daily.

#### **Education**

The Jackson and Madison County school systems were consolidated in 1990. The system currently consists of fourteen elementary schools, three intermediate schools, five middle schools, five high schools, and two alternative schools. There are also six private schools. The City is home to six institutions of higher learning, including Jackson State Community College, University of Memphis, Lane College, Union University, West Tennessee Business College, and Tennessee Technology Center.

#### **Healthcare**

The City is served by two major healthcare facilities: Jackson-Madison County General Hospital, a 766-bed general acute care facility operated by a Board appointed by Madison County and the City, and Regional Hospital of Jackson, a 164-bed facility owned and operated by CHS. There are 44 medical clinics, 19 retirement, nursing, and/or assisted living homes, plus more than 450 physicians practicing in the Jackson area.



# CITY OF JACKSON, TENNESSEE DEMOGRAPHIC INFORMATION

	POPULATION (in thousands)							Percent Change	
	2013	2010	2000	1995	1990	1980	1970	1980-95	1970-95
Jackson	67	65	60	53	49	49	40	7.8%	32.8%
Tennessee	6,495	6,346	5,609	5,256	4,877	4,591	3,926	14.5%	33.9%
United States	316,128	308,745	283,876	262,755	249,632	226,546	203,302	16.0%	29.2%

Source: U.S. Census, American Community Survey 2013 One Year Estimates

## 2013 POPULATION BY AGE GROUP: CITY, STATE AND NATION

Age Group	Jackson	Tennessee	United States
16 years and over	79.8%	79.6%	79.3%
18 years and over	76.9%	77.0%	76.7%
60 years and over	21.6%	20.7%	19.9%
62 years and over	19.5%	18.2%	17.5%
65 years and over	15.4%	14.6%	14.1%
75 years and over	6.4%	6.0%	6.2%

Source: U.S. Census, American Community Survey 2013 One Year Estimates

## 2013 HOUSEHOLD INCOME AND BENEFITS

	Jackson	Tennessee	United States
Less than \$10,000	13.7%	8.8%	7.6%
\$10,000 - \$14,999	8.6%	6.3%	5.4%
\$15,000 - \$24,999	13.9%	12.9%	10.8%
\$25,000 - \$34,999	11.4%	11.8%	10.3%
\$35,000 - \$49,999	15.7%	15.2%	13.6%
\$50,000 - \$74,999	14.0%	18.4%	17.9%
\$75,000 - \$99,999	10.3%	10.6%	11.9%
\$100,000 - \$149,999	7.3%	9.6%	12.7%
\$150,000 - \$199,999	90.0%	3.1%	4.9%
\$200,000 or More	4.1%	3.1%	5.0%
Median Household Income	\$ 36,610	\$ 44,297	\$ 52,250
Mean Household Income	\$ 60,241	\$ 62,157	\$ 73,767

Source: U.S. Census, American Community Survey 2013 One Year Estimates

## CITY OF JACKSON, TENNESSEE DEMOGRAPHIC INFORMATION

### SOCIAL AND ECONOMIC CHARACTERISTICS

	<u>Tennessee</u>	<u>Jackson</u>	<u>Madison County</u>
Median value owner occupied housing	\$ 140,300	\$ 126,600	\$ 122,500
% High school graduates or higher persons 25 years old & older	85.6%	88.5%	88.7%
% Families with income below poverty level	13.3%	18.4%	15.1%
Median family income	\$ 54,691	\$ 47,943	\$ 53,544

*Source: U.S. Census, American Community Survey 2013 One Year Estimates*

### LABOR FORCE TRENDS

<u>Year</u>	<u>Persons Employed in Madison Cty</u>	<u>Persons Unemployed in Madison Cty</u>	<u>Unemployment Rate</u>		
			<u>Madison County</u>	<u>Tennessee</u>	<u>USA</u>
1994	43,330	1,980	4.4%	4.8%	6.1%
1995	44,290	2,340	5.0%	5.2%	5.6%
1996	45,140	2,160	4.6%	5.2%	5.4%
1997	45,210	2,140	4.5%	5.4%	4.9%
1998	46,720	1,660	3.4%	4.2%	4.5%
1999	48,050	1,290	2.6%	3.4%	4.2%
2000	49,770	1,760	3.4%	4.2%	4.6%
2001	50,070	2,190	4.2%	4.0%	4.9%
2002	51,527	2,620	5.1%	5.1%	5.8%
2003	50,890	2,950	5.8%	5.8%	6.0%
2004	43,580	2,590	5.6%	5.5%	5.5%
2005	44,050	2,600	5.6%	5.6%	5.1%
2006	45,450	2,560	5.3%	5.1%	4.6%
2007	46,130	2,430	5.0%	4.7%	4.6%
2008	48,490	5,310	11.0%	10.5%	10.2%
2009	47,780	5,120	10.7%	10.5%	9.3%
2010	48,370	4,840	10.0%	9.7%	9.6%
2011	49,280	4,740	9.6%	9.2%	8.9%
2012	49,730	4,080	8.2%	8.0%	8.1%
2013	48,520	4,090	8.4%	8.2%	7.4%

*Source: Tennessee Department of Employment Security, Tennessee Department of Labor and Workforce Development*

UNAUDITED

# **CITY OF JACKSON, TENNESSEE DEMOGRAPHIC INFORMATION**

## **TOP TEN MANUFACTURERS**

	<u>Employees</u>	<u>Product</u>
1. Delta Faucet Company	880	Commercial and Residential Faucets
2. The Kellogg Company	735	Pringles Potato Chips
3. Pinnacle Foods Group, Inc.	590	Frozen Food Products
4. Stanley Black and Decker	570	Professional Power Tools
5. TBDN Tennessee Company	386	Automotive Air Induction Systems, Oil Fuel Filters, Intake Manifolds
6. Gerdau	365	Reinforced Steel and Merchant Bar Products
7. ARJ Manufacturing	334	Metal Stamping, Automotive Supplier
8. Aldelano Packaging Corporation	275	Packaging Materials
9. Perseus Distribution	264	Book Distribution
10. UGN, Inc.	255	Thermal and Acoustic Materials for Japanes Automobiles

*Source: Jackson Chamber of Commerce*

## **TOP TEN EMPLOYERS**

	<u>Employees</u>	<u>Type</u>
1. West Tennessee Healthcare	5,368	Hospital
2. Jackson-Madison County School System	2,019	School System
3. Delta Faucet Company	880	Manufacturing
4. Union University	835	Education
5. Apria Healthcare	810	Call Center
6. The Kellogg Company	735	Manufacturing
7. City of Jackson	725	Government
8. Regional Hospital of Jackson	718	Healthcare
9. Pinnacle Foods Group	590	Manufacturing
10. Stanley Black and Decker	533	Manufacturing

*Source: Jackson Chamber of Commerce*

**CITY OF JACKSON, TENNESSEE**  
**PRO FORMA**  
**GENERAL OBLIGATION DEBT STATEMENT**  
As of June 30, 2014

Series 2011 General Obligation Bonds	\$ 10,000,000
Series 2009 General Obligation & Refunding Bonds	47,575,000
Series 2009 General Obligation Bonds	4,295,000
Series 2013 General Obligation Capital Outlay Note	7,685,800
Jackson-Madison County General Hospital District	500,000
HuD Section 108 Loan	2,938,000
Mixed Drink Repayment Note	<u>2,774,037</u>
General Government Obligation Debt Sub-Total	<u>75,767,837</u>
Series 2006 General Obligation Capital Outlay Note	664,905
Series 2006-A General Obligation Capital Outlay Note	664,394
Series 2006-B General Obligation Capital Outlay Note	153,736
Series 2014 General Obligation Capital Outlay Note	<u>500,000</u>
Sportsplex Debt Sub-Total	<u>1,983,035</u>
<u>Total General Obligation Debt</u>	<u>\$ 77,750,872</u>
Overlapping General Obligation Debt (70.9% of Madison County)	<u>35,038,780</u>
<u>General Obligation and Overlapping Debt</u>	<u>\$ 112,789,652</u>

RATIOS

Total General Obligation Debt to Assessed Value	5.07%
Total General Obligation Debt to Estimated Actual Value	1.60%
General Obligation and Overlapping Debt to Assessed Value	7.36%
General Obligation and Overlapping Debt to Estimated Actual Value	2.32%

PER CAPITA

Assessed Value	\$ 23,581
Estimated Actual Value	74,953
Total General Obligation Debt	1,196
Net General Obligation and Underlying Debt	1,735

*Source: Madison County Tax Assessor, Jackson Planning Department,  
Madison County Accounting Department*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF ASSESSED, APPRAISED AND ESTIMATED**  
**ACTUAL VALUES**

Type of Property	2013 Assessed Value	2013 Appraised Value
Industrial and commercial	\$ 716,827,915	\$ 1,792,069,788
Residences and farms	586,350,350	2,345,401,400
Personal tangible property	192,489,629	641,632,097
Public utilities**	37,147,644	92,869,110
Total	<u>\$ 1,532,815,538</u>	<u>\$ 4,871,972,395</u>

\*\*Public Utilities as reported by State Board of Property Assessments, Jan 2014

The State of Tennessee classifies property for assessment as follows:

Industrial and Commercial  
Residences and Farms  
Personal Tangible Property  
Public Utilities

NOTE: The effective date of the latest reappraisal program was 2013

PROPERTY TAX LEVIES AND COLLECTIONS (excluding Public Utilities)  
LAST TEN FISCAL YEARS  
(amounts expressed in thousands)

Fiscal Year	Assessed Valuation	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2005	\$ 1,026,629	22,140	\$ 21,353	96.4%	\$ 1,827	8.3%
2006	1,151,348	23,446	22,897	97.7%	1,697	7.2%
2007	1,165,945	24,485	24,217	98.9%	1,149	4.7%
2008	1,190,522	25,001	24,433	97.7%	1,281	5.1%
2009	1,222,380	25,669	25,324	98.7%	1,347	5.2%
2010	1,254,178	26,498	26,193	98.8%	1,399	5.3%
2011	1,295,431	27,195	26,605	97.8%	1,635	6.0%
2012	1,415,712	27,405	26,931	98.3%	1,579	5.8%
2013	1,481,409	28,481	28,277	98.8%	1,351	5.4%
2014	1,532,815	29,391	28,671	97.6%	1,173	4.0%

**CITY OF JACKSON, TENNESSEE  
SCHEDULE OF TEN LARGEST TAXPAYERS**

	Assessed Valuation	Taxes Due	Products/Services
1. Pringles Mfg. Co.	\$ 42,180,249	\$ 827,535	Food Products
2. WTHC	16,193,665	317,706	Healthcare
3. Regional Hospital of Jackson	13,665,800	267,913	Hospital
4. Pinnacle Foods	11,465,180	224,935	Food Processing/Packaging
5. TBDN	10,501,473	206,028	Food Processing/Packaging
6. Old Hickory Mall	10,071,524	197,594	Shopping Mall
7. Wal-Mart	8,840,400	173,440	Retail
8. ARJ Mfg.	8,560,456	167,948	Auto Parts Mfg.
9. Cherry Grove	8,247,480	162,592	Apartments
10. Inland Western	7,493,720	147,019	Retail

Based on Year 2013 tax information

Source: City 2013 Tax Rolls

**SUMMARY OF CERTAIN FUND BALANCES / NET POSITION  
Fiscal Years Ended June 30**

	2014	2013	2012	2011	2010	2009	2008
General Fund	\$ 20,964,473	\$ 23,883,590	\$ 22,773,513	\$ 27,785,970	\$ 25,750,789	\$ 19,136,807	\$ 15,465,013
Special Revenue Funds	1,256,352	2,680,834	3,259,115	1,961,284	1,399,671	2,365,847	2,345,623
Debt Service Fund	2,118,764	1,448,764	5,528,107	708,266	1,821,182	**10,481,775	1,254,206

\*\*Includes \$4,800,000 of 2009 General Obligation Bonds sold in June 2009 plus approximately \$4,000,000 in planned principal payments which were delayed in a major Refunding/Restructure.

**SCHEDULE OF LOCAL OPTION SALES TAX  
Fiscal Years Ended June 30**

Year	Collections	Percent Change
2014	\$ 11,897,150	0.60%
2013	11,826,624	2.00%
2012	11,637,731	0.02%
2011	11,635,059	2.01%
2010	11,314,658	1.53%
2009	11,143,581	-4.40%
2008	11,652,134	1.96%
2007	11,428,585	3.09%
2006	11,086,285	5.40%
2005	10,517,727	-4.00%

Source: Tennessee Department of Revenue

**CITY OF JACKSON, TENNESSEE**  
**SUMMARY OF REVENUES AND EXPENDITURES**  
**GENERAL FUND AND DEBT SERVICE FUND**  
Fiscal Years Ended June 30

	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>							
Property taxes	\$ 29,636,236	\$ 28,977,426	\$ 27,761,426	\$ 27,833,117	\$ 27,450,185	\$ 26,304,584	\$ 25,372,631
Tax equivalents	4,972,381	4,710,100	4,552,400	4,109,278	4,121,778	3,875,095	3,689,014
Local option sales tax	11,934,014	11,866,585	11,919,582	12,202,451	11,560,078	11,502,243	11,887,858
Beer tax	2,042,427	2,044,979	2,001,130	1,919,598	1,823,037	1,833,877	1,847,488
Licenses and permits	4,421,460	4,949,878	4,477,943	4,496,601	4,175,097	4,156,388	4,120,951
Fines & penalties	1,213,382	1,306,995	1,649,104	1,946,197	2,289,929	1,693,174	1,620,475
Interest income	96,251	122,234	234,302	203,297	274,740	540,649	841,629
Other property income	1,013,001	1,145,808	1,172,374	1,294,167	1,549,406	1,515,141	1,701,520
State of Tennessee	9,025,052	9,031,715	8,797,088	7,550,539	7,385,158	7,636,993	8,181,121
Federal government	1,949,325	984,599	2,556,646	4,404,748	2,157,332	1,450,562	1,285,508
Other	2,396,138	2,180,444	2,251,548	1,733,186	2,986,321	2,423,864	1,689,963
<b>Total revenues</b>	<b>68,699,667</b>	<b>67,320,763</b>	<b>67,373,543</b>	<b>67,693,179</b>	<b>65,773,061</b>	<b>62,932,570</b>	<b>62,238,158</b>
<b>Expenditures:</b>							
General government	13,833,810	11,675,384	15,206,465	11,739,451	9,976,874	9,925,984	22,854,403
Public safety	36,183,118	33,866,018	33,435,056	32,613,023	31,375,560	31,225,183	23,099,963
Public works	7,010,521	6,706,476	7,058,775	10,929,701	9,077,920	7,826,923	6,260,083
Public welfare	7,281,795	7,217,366	7,544,421	7,156,270	7,015,739	7,156,457	6,477,575
Net debt service	6,589,528	6,550,073	6,360,215	6,239,016	6,259,813	1,986,230	8,529,081
<b>Total expenditures</b>	<b>70,898,772</b>	<b>66,015,317</b>	<b>69,604,932</b>	<b>68,677,461</b>	<b>63,705,906</b>	<b>58,120,777</b>	<b>67,221,105</b>
Excess of revenues over (under) expenditures	(2,199,105)	1,305,446	(2,231,389)	(984,282)	2,067,155	4,811,793	(4,982,947)
Net transfers in (out) and other sources (uses)	(50,012)	(3,755,766)	2,355,937	1,070,437	(4,113,766)	6,577,012	(993,902)
Excess of revenues and net transfers over (under) expenditures	(2,249,117)	(2,450,320)	124,548	86,155	(2,046,611)	11,388,805	(5,976,849)
<b>Combined fund balances</b>							
Beginning balance	25,332,354	27,782,674	27,658,126	4,875,903	6,922,514	(5,976,849)	-
Change in acct. principle	-	-	-	-	-	1,510,558	-
Ending balance	<u>\$ 23,083,237</u>	<u>\$ 25,332,354</u>	<u>\$ 27,782,674</u>	<u>\$ 4,962,058</u>	<u>\$ 4,875,903</u>	<u>\$ 6,922,514</u>	<u>\$ (5,976,849)</u>

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Members of:**

American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
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Certified Public Accountants

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**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
with *Government Auditing Standards***

Honorable Jerry Gist, Mayor  
Members of the Council  
City of Jackson, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee (the City), as of and for the year ended June 30, 2014, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2014.

Our report includes a reference to other auditors who audited the financial statements of Jackson Transit Authority (JTA), as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying schedule of findings questioned costs as items 2013-001 and 2014-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors, disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

We noted certain matters that we reported to management of the City in a separate letter dated December 9, 2014.

### **City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alexander Thompson Arnold PLLC*

Jackson, Tennessee  
December 9, 2014

**Members of:**

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AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
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**Independent Auditor's Report on Compliance for Each Major Program and  
Report on Internal Control over Compliance  
Required by OMB Circular A-133**

Honorable Jerry Gist, Mayor  
Members of the Council  
City of Jackson, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the City of Jackson, Tennessee's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct a material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Alexander Thompson Arnold PLLC*

Jackson, Tennessee  
December 9, 2014

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2014

**SECTION I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ <u>X</u> yes	_____ no

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ no

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ <u>X</u> yes	_____ no
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants - Disaster Recovery
20.205	Highway Planning and Construction
20.219	Recreational Trails Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee?	_____ yes	_____ <u>X</u> no
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**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2014

**SECTION II – Financial Statement Findings**

**2013-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)**

Condition: We noted the following major functions in the general fund had expenditures exceeding appropriations: public safety by \$914,708, public works by \$444,873 and public welfare and community service by \$121,598. We also noted that total expenditures in the solid waste collection fund exceeded appropriations by \$18,360 due primarily to transfers out of \$629,142 in excess of budget amounts.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states “notwithstanding any other provision or law, no municipality may expend any monies regardless of their source except in accordance with a budget ordinance adopted under this section.”

Effect: The city failed to comply with the TCA 6-56-203 by expending monies that were not budgeted.

Recommendation: We recommend that all expenditures, including transfers, be authorized by the City’s budget in the future. Potential budget overruns should be anticipated in advance so that appropriate action may be taken by the City Council.

Response: We concur.

**SECTION III – Federal Award Findings and Questioned Costs**

**2014-001 – Duplicate Payroll Used for Reimbursement Requests (Significant Deficiency)**

**US. Department of Transportation, Passed through the Tennessee Department of Transportation Highway Planning and Construction Expanded Urbanized Area – 20.205**  
**Highway Planning and Construction MPO/PL – 20.205**

Condition: While testing reimbursement requests for the Expanded Urbanization Area and MPO grants, it was determined that there were several instances where reimbursement requests were filled out for both grants using the same personnel for the same payroll periods. Based on further testing and discussions with the appropriate personnel, it was determined that the City did not appear to receive excess reimbursements due to the fact that there were other payroll periods or personnel that could have been submitted for reimbursement.

Criteria: Federal grants require grant related expenditures to be tracked in such a way that applicable expenses are reimbursed from the appropriate grant as they are made.

Effect: Based on the recordkeeping issue, the City potentially could have submitted excess payroll reimbursement requests during the period for more than the applicable expenses. This would have resulted in the City being reimbursed for unallowable costs.

Recommendation: We recommend that the record keeping be modified in such a way that the City does not submit reimbursement requests in the future for duplicate expenditures. Personnel time records should be maintained in such a way that time for each pay period is tracked based on grant activity which would then limit the problem from occurring.

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2014

Response: The City made a change in the personnel that submitted the grant reimbursement requests during the fiscal year. Training has been provided to the appropriate person and changes have been made in how the time records are maintained to prevent this from happening in the future.

**CITY OF JACKSON, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
June 30, 2014

**2013-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)**

Condition: We noted the following major functions in the general fund had expenditures exceeding appropriations: public works by \$157,887 and public welfare and community service by \$314,439. We also noted that total expenditures in the solid waste collection fund exceeded appropriations by \$562,148 due primarily to transfers of \$1,303,480 in excess of budget amounts. The debt service fund exceeded appropriations by \$28,995.

Status: The conditions causing this finding have been repeated with the monetary amounts being changed to match the current year figures.



## **CORRECTIVE ACTION PLAN**

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The City of Jackson, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2014.

Name and address of independent public accounting firm:

Alexander Thompson Arnold PLLC  
227 Oil Well Road  
Jackson, TN 38305

Audit period:

June 30, 2014

The findings from the June 30, 2014, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **2013-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)**

Recommendation: We recommend that all expenditures, including transfers, be authorized by the City's budget in the future. Potential budget overruns should be anticipated in advance so that appropriate action may be taken by the City Council.

Action Taken: City Council will take the appropriate action in advance of any funds being spent above the budgeted amounts. This will provide the proper authorization for all expenditures, including expenditures, in the future.

### **2014-001 – Duplicate Payroll Used for Reimbursement Requests (Significant Deficiency)**

Recommendation: We recommend that the record keeping be modified in such a way that the City does not submit reimbursement requests in the future for duplicate expenditures. Personnel time records should be maintained in such a way that time for each pay period is tracked based on grant activity which would then limit the problem from occurring.

Action Taken: The City made a change in the personnel that submitted the grant reimbursement requests during the fiscal year. Training has been provided to the appropriate person and changes have been made in how the time records are maintained to prevent this from happening in the future.